



## County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

August 5, 2008

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF HEALTH SERVICES: APPROVAL OF FINAL THIRD PARTY SAFETY  
NET RECOVERY SERVICES AGREEMENT WITH  
CALIFORNIA REIMBURSEMENT ENTERPRISES, INC.  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Request approval of Final Third Party Safety Net Recovery Services Agreement with California Reimbursement Enterprises, Inc. to maximize potential revenue for Department of Health Services facilities and Department of Public Health.

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve and authorize the Interim Director of the Department of Health Services (DHS or Department), or his designee, to execute an agreement with California Reimbursement Enterprises, Inc. (CRE) to provide Third Party Safety Net Recovery Services (third party recovery services) to assist DHS' network of hospitals, comprehensive health centers, community health centers and Department of Public Health (DPH) with third party resource identification and collection services, effective September 1, 2008 through August 31, 2009 with provisions for up to four one-year automatic renewals through August 31, 2013.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended action will allow the Interim Director, or his designee, to execute an agreement with CRE, substantially similar to Exhibit I, which will allow CRE to function as a "safety net" by providing County facilities an additional resource to their own collection efforts to maximize potential revenue to DHS.

The current Agreement with CRE expires August 31, 2008.

*"To Enrich Lives Through Effective And Caring Service"*

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Intra-County Correspondence Sent Electronically Only*

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Second District

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Fifth District

### **Implementation of Strategic Plan Goals**

This action supports Goal 4, Fiscal Responsibility, of the County Strategic Plan by obtaining revenue for the Department.

### **FISCAL IMPACT/FINANCING**

The Department will pay CRE on a contingent fee basis for their efforts in recovering revenues, which is estimated to be \$2.5 million for DHS and \$112,500 for DPH during Fiscal Year (FY) 2008-09. Funding is included in the Department's FY 2008-09 Adopted Budget and will be requested in future fiscal years.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

DHS charges for health care services provided at County hospitals, comprehensive health centers, and community health centers. Patients are screened to identify medical coverage (i.e., Medi-Cal, Medicare, Commercial Insurance, Workers' Compensation, etc.). For patients who do not have medical coverage and are indigent, assistance is provided in order to identify financial resources to pay for services, including establishing third party coverage (i.e., payer source other than the patients/responsible relative) such as Medi-Cal, California Children's Services, and other programs that assist indigent patients.

DPH policy mandates that clinical public health services be provided regardless of the patients ability to pay. However, efforts are made to collect from third party resources (i.e., Medical).

For several years, DHS has contracted for third party recovery services. On June 15, 1999, your Board approved a sole-source Agreement with CRE for the provision of these services at County hospitals, comprehensive health centers, and community health centers. CRE utilized specialized expertise and proprietary algorithms to identify third party coverage based on reconciliation of transposed and/or inconsistent demographic information. In subsequent years, amendments were executed to update contract language and extend the term. Most recently on May 15, 2007, your Board approved an extension to allow the Department time to complete a competitive RFP solicitation process.

Under the Agreement, after the County has exhausted its own efforts, and the efforts of its primary contractors, to identify financial resources or assist indigent patients in establishing third party coverage, the patients' accounts are reviewed by CRE for potential action. The Agreement includes authority for the Interim Director to execute change notices to refer special accounts, e.g., Disproportionate Share Hospital accounts, to the contractor whose reimbursement for collection services for these accounts will not exceed the percentage rate agreed upon by the parties for third party recovery services.

DHS has determined that this is not a Proposition A agreement because the services provided are intermittent, and highly specialized; therefore provisions of the County's Living Wage Program do not apply.

Honorable Board of Supervisors  
August 5, 2008  
Page 3

Exhibit I contains all of the latest Board-mandated provisions. The County may terminate the Agreement with a 30-day prior written notice. County Counsel has approved Exhibit I as to form.

#### **CONTRACTING PROCESS**

In July 2007, DHS released an RFP for third party recovery services to select a qualified contractor. The RFP was sent to several vendors and posted on the Los Angeles County and DHS Websites. Two vendors responded by the September 11, 2007 due date. After evaluating the rates and the capacities of the proposers, DHS is recommending an Agreement with CRE, the top ranked proposer.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommended action will ensure the continued provision of third party recovery services to maximize revenue for the Department.

#### **CONCLUSION**

When approved, DHS requires three signed copies of your Board's action.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:SRH:SAS  
MLM:LT:yb

Attachment

c: County Counsel  
Interim Director, Department of Health Services

080508\_DHS\_Safety Net

Contract No. \_\_\_\_\_

FINAL THIRD PARTY SAFETY NET AND RECOVERY SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this \_\_\_\_\_ day  
of \_\_\_\_\_ 2008,

by and between	COUNTY OF LOS ANGELES (hereafter "County"),
and	CALIFORNIA REIMBURSEMENT ENTERPRISES, INC. (hereafter "Contractor")

WHEREAS, pursuant to Section 1441 and 1445 of the California Health and Safety Code, County has established and maintains, through its Department of Health Services (hereafter "DHS"), various County hospitals, ambulatory care centers, Department of Public Health, and other support facilities and programs (hereafter collectively referred to as "Facilities"); and

WHEREAS, the Facilities provide healthcare services to County patients and seek reimbursement for such services by assisting patients in identifying possible third party coverage (i.e., a payor source other than the patient/responsible relative), when needed, such as Medi-Cal, Medicare, Commercial Insurance, California Children's Services, Workers' Compensation, Short-Doyle, or other third party coverage, by assisting patients with their third party eligibility coverage application paperwork; and

WHEREAS, County's Board of Supervisors has delegated the authority and responsibility for these activities to County's Interim Director of Health Services, or his/her authorized designee (hereafter jointly referred to as "Director"); and

WHEREAS, when such third party eligibility coverage is denied by the payor source, and a patient is subsequently identified as a self-pay patient account (i.e., an account for which the patient has no identified third party coverage and the patient/responsible relative is obligated to pay the outstanding account balance), the Facilities will review a patient's third party eligibility coverage application paperwork to determine if such denial can be resolved or appealed; and

WHEREAS, County's DHS desires the services of a contractor to assist Facilities in resolving or appealing denied third party coverage claims; and

WHEREAS, in July 2007, County released a Request for Proposals ("RFP") for Final Third Party Safety Net Recovery Services (hereafter referred to as "Third Party Recovery Services") competitive selection document with the objective to find the most qualified, feasible, and cost effective Third Party Recovery Services provider(s) to enter into an agreement and to provide said services to County; and

WHEREAS, on or about October 1, 2007 Contractor submitted a proposal in response to County's RFP; and

WHEREAS, Contractor is licensed under the laws of the State of California to engage in the business of providing financial services required in resolving or appealing claims and possesses the competence, expertise, and personnel required to provide such services as described hereunder; and

WHEREAS, Contractor is willing to provide the services described herein for and in consideration of the payments provided under this Agreement and under the term and conditions hereafter set forth; and

WHEREAS, County is authorized by Government Code Section 31000 to contract for these services.

NOW, THEREFORE, the parties hereto agree as follows:

1. TERM: The term of this Agreement shall commence on September 1, 2008, and unless sooner canceled or terminated as provided herein, shall continue in full force and effect to midnight August 31, 2009. Said Agreement shall thereafter be automatically renewed for one (1) year periods for a maximum of four (4) additional years without further action by the parties hereto through August 31, 2013.

In any event, this Agreement may be canceled or terminated at any time by either party, with or without cause, upon the giving of at least thirty (30) calendar days' prior written notice to the other.

Notwithstanding any other provision of this Paragraph, the failure of Contractor or its officers, employees, agents, or subcontractors, to comply with any of the terms of this Agreement or any written directions by or on behalf of County issued pursuant hereto shall constitute a material breach hereto, and this Agreement may be terminated by County immediately. County's failure to exercise this right of termination shall not constitute a waiver of such right, which may be exercised at any subsequent time.

2. DESCRIPTION OF SERVICES:

A. Contractor shall provide services in the form as described in the body of this Agreement and Exhibit A, Statement of Work, which is attached hereto and incorporated herein by reference.

B. Contractor acknowledges that the quality of service(s) provided under this Agreement shall be at least equivalent to that which Contractor provides to all other clients it serves.

3. NONEXCLUSIVITY: Contractor acknowledges that it is not necessarily an exclusive or the only provider to County of Third Party Recovery Services, and the County has, or may enter into agreements (i.e., contracts) with other providers to provide Third Party Recovery Services, or may perform all or part of such services, when possible, using County employees.

4. BILLING AND PAYMENT:

A. County agrees to compensate Contractor in accordance with the payment structure set forth in Exhibit A, attached hereto and incorporated herein by reference.

Contractor shall individually bill each of the DHS Facilities as listed in Attachment A, Facility Locations/ Service Sites, for payments received by County from billable work by Contractor pursuant to this Agreement, and according to the terms set forth in the payment requirements in said Exhibit.

B. Payment by County hereunder shall be made within a reasonable period of time following receipt of a billing statement which is deemed to be complete and correct by Facilities, and/or the County's Auditor-Controller, or his/her duly authorized representative, and in accordance with Exhibit A, Paragraph 8, "PROVISION FOR PAYMENT".

5. COUNTY'S OBLIGATION FOR FUTURE FISCAL YEARS: Notwithstanding any other provision of this Agreement, County shall not be obligated for Third Party Recovery Services hereunder, or by any provision of this Agreement, during any of County's future July 1 - June 30 fiscal years unless and until County's Board of Supervisors appropriates funds for this Agreement in County's Budget for each such future fiscal year. In the event that funds are not appropriated for this Agreement, then this Agreement

shall be deemed to have terminated on June 30 of the last County fiscal year for which funds were appropriated. Director shall notify Contractor in writing of such non-appropriation of funds at the earliest possible date.

6. CONTRACTOR'S CLOSE-OUT OBLIGATIONS: Contractor shall process all accounts in Contractor's inventory that have been assigned by Director to Contractor prior to the time of expiration of this Agreement, unless the Agreement is sooner terminated with or without cause by County. Contractor shall complete the processing of such accounts and make every effort to expedite close-out. Contractor shall be reimbursed at the same rates as stated in Exhibit A. Contractor shall complete the processing of all approved accounts in accordance with the terms and conditions of this Agreement, as well as any reports.

7. NO PAYMENT FOR SERVICES PROVIDED FOLLOWING EXPIRATION/TERMINATION OF AGREEMENT: Except as provided in Paragraph 6, Contractor shall have no claim against County for the payment of any monies, or reimbursements of any kind whatsoever, for any service provided by Contractor after the expiration or other termination of this Agreement, even if Contractor's provision of such services were requested by County directly. Should Contractor receive any such payment, it shall immediately notify County and shall repay or return all such funds or reimbursements to County within a reasonable amount of time. Payment by County

for services rendered after expiration/ termination of this Agreement shall not constitute a waiver of County's right to recover such payment from Contractor. This provision shall survive the expiration or other termination of this Agreement.

8. INDEMNIFICATION: Contractor shall indemnify, defend, and hold harmless County and its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Contractor's acts and/or omissions arising from and/or relating to this Agreement.

9. GENERAL INSURANCE REQUIREMENTS: Without limiting Contractor's indemnification of County and during the term of this Agreement, Contractor shall provide and maintain, and shall require all of its subcontractors to maintain, the following programs of insurance specified in this Agreement. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by County, and such coverage shall be provided and maintained at Contractor's own expense. In any event, Contractor may satisfy the insurance coverage requirements specified in this Agreement by providing evidence of Contractor's self-insurance program, as described hereinbelow. Such evidence shall be provided in a formal declaration (on Contractor's letterhead, if available) that

declares Contractor is self-insured for the type and amount of coverage as described in the Insurance Coverage Requirements, hereinbelow. Contractor's declaration may be in the form of a corporate resolution or a certified statement from a corporate officer or an authorized principal of Contractor. The statement also must identify which required coverages are self-insured and which are commercially insured. Contractors who are self-insured for workers compensation must provide a copy of their "Certificate of Consent to Self-Insure" issued by the State in which services will be provided. Further, Contractor's self-insurance program must be reviewed and approved by County's Risk Manager prior to the effective date of this Agreement.

A. Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to County shall be delivered to Director at the: DHS; Contracts and Grants Division; 313 North Figueroa Street, 6th Floor-East; Los Angeles, California 90012-2659, and to DHS; Revenue Management; 313 North Figueroa Street, Room 527; Los Angeles, California 90012-2659, prior to commencing services under this Agreement. Such certificates or other evidence shall:

- (1) Specifically identify this Agreement.
- (2) Clearly evidence all coverages required in this Agreement.

(3) Contain the express condition that County is to be given written notice by mail at least thirty (30) calendar days in advance of cancellation for all policies evidenced on the certificate of insurance.

(4) Include copies of the additional insured endorsement to the commercial general liability policy, adding County of Los Angeles, its Special Districts, its officials, officers, and employees as insured for all activities arising from this Agreement.

(5) Identify any deductibles or self-insured retentions for County's approval. County retains the right to require Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to County, or, require Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

B. Insurer Financial Ratings: Insurance is to be provided by an insurance company acceptable to County with an A.M. Best rating of not less than A:VII, unless otherwise approved by County.

C. Failure to Maintain Coverage: Failure by Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to County, shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement. County, at its sole option, may obtain damages from Contractor resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Contractor, County may deduct from sums due to Contractor any premium costs advanced by County for such insurance.

D. Notification of Incidents, Claims, or Suits:  
Contractor shall report to County:

(1) Any accident or incident relating to services performed under this Agreement which involves injury or property damage which may result in the filing of a claim or lawsuit against Contractor and/or County. Such report shall be made in writing within twenty-four (24) hours of occurrence.

(2) Any third party claim or lawsuit filed against Contractor arising from or related to services performed by Contractor under this Agreement.

(3) Any injury to a Contractor employee which occurs on County property. This report shall be

submitted on a County "Non-Employee Injury Report" to County contract manager.

(4) Any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of County property, monies, or securities entrusted to Contractor under the terms of this Agreement.

E. Compensation for County Costs: In the event that Contractor fails to comply with any of the indemnification or insurance requirements of this Agreement, and such failure to comply results in any costs to County, Contractor shall pay full compensation for all costs incurred by County.

F. Insurance Coverage Requirements for Subcontractors: Contractor shall ensure any and all subcontractors performing services under this Agreement meet the insurance requirements of this Agreement by either:

(1) Contractor providing evidence of insurance covering the activities of subcontractors, or

(2) Contractor providing evidence submitted by subcontractors evidencing that subcontractors maintain the required insurance coverage. County retains the right to obtain copies of evidence of subcontractor insurance coverage at any time.

10. INSURANCE COVERAGE REQUIREMENTS:

A. General Liability Insurance (written on Insurance Services Office ["ISO"] policy form "CG 00 01" or its equivalent) with limits of not less than the following:

General Aggregate:	\$2 Million
Products/Completed Operations Aggregate:	\$1 Million
Personal and Advertising Injury:	\$1 Million
Each Occurrence:	\$1 Million

B. Automobile Liability Insurance (written on ISO policy form "CA 00 01" or its equivalent) with a limit of liability of not less than \$1 Million for each accident. Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

C. Workers Compensation and Employers' Liability insurance providing workers compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which Contractor is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 Million
Disease - Policy Limit:	\$1 Million
Disease - Each Employee:	\$1 Million

D. Professional Liability Insurance covering liability arising from error, omission, negligent or wrongful act of Contractor, its officers or employees with limits of not less than \$1 Million per occurrence and \$3 Million aggregate. The coverage also shall provide an extended two (2) year reporting period commencing upon expiration or earlier termination or cancellation of this Agreement.

E. Crime Coverage: Insurance in an amount not less than indicated below covering against loss of money, securities, or other property referred to in this Agreement, and naming the County as loss payer.

Employee Dishonesty:	\$1 Million
Forgery or alterations:	\$1 Million
Theft, Disappearance and Destruction:	\$1 Million

11. SUBCONTRACTING:

A. For purposes of this Agreement, all subcontracts must first be approved in writing by Director. Contractor's written request to Director for approval to enter into a subcontract shall be made at least thirty (30) calendar days prior to the subcontractor's proposed effective date, and shall include:

(1) Identification of the proposed subcontractor, (who shall be licensed as appropriate for provision of subcontract services), and an explanation of why and how

the proposed subcontractor was selected, including the degree of competition involved.

(2) A detailed description of the services to be provided by the subcontract.

(3) The proposed subcontract amount and manner of compensation, if any, together with Contractor's cost or price analysis thereof.

(4) A copy of the proposed subcontract. (Any later modification of such subcontract shall take the form of a formally written subcontract amendment which also must be approved in writing by Director in the same manner as described above, before such amendment is effective.)

(5) Any other information and/or certification(s) requested by Director.

B. Director shall review Contractor's request to subcontract and shall determine, in his/her sole discretion, whether or not to consent to such a request on a case-by-case basis.

C. Subcontracts shall be made in the name of Contractor and shall not bind nor purport to bind County. The making of subcontracts hereunder shall not relieve Contractor of any requirement under this Agreement, including, but not limited to, the duty to properly supervise and coordinate the work of subcontractors. Further, Director's approval of

any subcontract shall also not be construed to limit in any way, any of County's rights or remedies contained in this Agreement.

D. In the event that Director consents to any subcontracting, Contractor shall be solely liable and responsible for any and all payments or other compensation to all subcontractors, and their officers, employees, and agents.

E. In the event that Director consents to any subcontracting, such consent shall be subject to County's right to terminate, in whole or in part, any subcontract at any time upon written notice to Contractor when such action is deemed by County to be in its best interest. County shall not be liable or responsible in any way to Contractor, or any subcontractor, or to any officers, employees, or agents, of Contractor, or any subcontractor, for any liability, damages, costs, or expenses, arising from or related to County's exercising of such a right.

F. Subcontracts shall contain the following provision: "This contract is a subcontract under the terms of a prime contract with the County of Los Angeles and shall be subject to all of the provisions of such prime contract." Further, Contractor shall also reflect as subcontractor requirements in the subcontract form all of the requirements of Paragraphs 7, 8, 9, 12, 15, and 16, of the body of this

Agreement, as well as, all of the provisions of the Additional Provisions attachment.

Contractor shall deliver to Director a fully executed copy of each subcontract entered into by Contractor, as it pertains to the provision of services under this Agreement, on or immediately after the effective date of the subcontract, but in no event, later than the date any services are to be performed under the subcontract.

G. Director is hereby authorized to act for and on the behalf of County pursuant to this Paragraph, including but not limited to, consenting to any subcontracting.

12. CONTRACTOR'S OBLIGATIONS AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 Under this Agreement, Contractor ("Business Associate") provides services ("Services") to County ("Covered Entity") and Business Associate receives, has access to or creates Protected Health Information in order to provide those Services. Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information ("Privacy Regulations") and the Health Insurance Reform: Security Standards ("the Security Regulations") at 45 Code of Federal Regulations Parts 160 and 164 (together, the "Privacy and Security Regulations").

The Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Regulations prohibit the disclosure to or use of Protected Health Information by Business Associate if such a contract is not in place;

Therefore, the parties agree as follows:

#### DEFINITIONS

- 1.1 "Disclose" and "Disclosure" mean, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner of Protected Health Information outside Business Associate's internal operations or to other than its employees.
- 1.2 "Electronic Media" has the same meaning as the term "electronic media" in 45 C.F.R. § 160.103. Electronic Media means (1) Electronic storage media including memory devices in computers(hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (2) Transmission media used to exchange information already in electronic storage media. Transmission media include, for example, the internet (wide-open), extranet

(using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission.

The term "Electronic Media" draws no distinction between internal and external data, at rest (that is, in storage) as well as during transmission.

1.3 "Electronic Protected Health Information" has the same meaning as the term "electronic protected health information" in 45 C.F.R. § 160.103. Electronic Protected Health Information means Protected Health Information that is (i) transmitted by electronic media; (ii) maintained in electronic media.

1.4 "Individual" means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).

1.5 "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes information that (i) relates to the past, present or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an Individual; (ii) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (iii) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity. "Protected Health Information" includes Electronic Health Information.

1.6 "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or any administrative body authorized to

require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.

1.7 "Security Incident" means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an Information System which contains Electronic Protected Health Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System.

1.8 "Services" has the same meaning as in the body of this Agreement.

1.9 "Use" or "Uses" mean, with respect to Protected Health Information, the sharing, employment, application, utilization, examination or analysis of such Information

within Business Associate's internal operations.

1.10 Terms used, but not otherwise defined in this Paragraph shall have the same meaning as those terms in the HIPAA Regulations.

#### OBLIGATIONS OF BUSINESS ASSOCIATE

##### 2.1 Permitted Uses and Disclosures of Protected Health Information. Business Associate:

(a) shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in Sections 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 of this Agreement;

(b) shall Disclose Protected Health Information to Covered Entity upon request;

(c) may, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:

(i) Use Protected Health Information; and

(ii) Disclose Protected Health Information if the Disclosure is Required by Law.

Business Associate shall not Use or Disclose Protected Health Information for any other purpose.

2.2 Adequate Safeguards for Protected Health Information.

Business Associate:

(a) shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Paragraph. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.

(b) effective as of April 20, 2005, specifically as to Electronic Health Information, shall implement and maintain administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information.

2.3 Reporting Non-Permitted Use or Disclosure and Security Incidents. Business Associate shall report to Covered Entity each Use or Disclosure that is made by Business Associate, its employees, representatives, agents or subcontractors but is not specifically permitted by this Agreement, as well as, effective as of April 20, 2005, each Security Incident of which Business Associate becomes aware. The initial report shall be made by telephone call to the Departmental Privacy Officer, telephone number 1(800) 711-5366 within forty-eight (48) hours from the time the Business Associate becomes aware of the non-permitted Use or Disclosure or Security Incident, followed by a full written report no later than ten (10) business days from the date the Business Associate becomes aware of the non-permitted Use or Disclosure or Security Incident to the Chief Privacy Officer at:

Chief Privacy Officer  
Kenneth Hahn Hall of Administration  
500 West Temple St.  
Suite 525  
Los Angeles, CA 90012

- 2.4 Mitigation of Harmful Effect. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Paragraph.
- 2.5 Availability of Internal Practices, Books and Records to Government Agencies. Business Associate agrees to make its internal practices, books and records relating to the Use and Disclosure of Protected Health Information available to the Secretary of the federal Department of Health and Human Services for purposes of determining Covered Entity's compliance with the Privacy and Security Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.
- 2.6 Access to Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information specified by Covered Entity available to the Individual(s) identified by Covered Entity

as being entitled to access and copy that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity.

2.7 Amendment of Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.

2.8 Accounting of Disclosures. Upon Covered Entity's request, Business Associate shall provide to Covered Entity an accounting of each Disclosure of Protected Health Information made by Business Associate or its employees, agents, representatives or subcontractors.

However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform the Services because such Disclosures are for either payment or health care operations purposes, or both.

Any accounting provided by Business Associate under this Section 2.8 shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Section 2.8, Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Section 2.8 to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

## OBLIGATION OF COVERED ENTITY

- 3.1 Obligation of Covered Entity. Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of the Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

## TERM AND TERMINATION

- 4.1 Term. The term of this Paragraph shall be the same as the term of this Agreement. Business Associate's obligations under Sections 2.1 (as modified by Section 4.2), 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 shall survive the termination or expiration of this Agreement.
- 4.2 Termination for Cause. In addition to and notwithstanding the termination provisions set forth in this Agreement, upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:
- (a) Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement

if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;

(b) Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or

(c) If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary of the federal Department of Health and Human Services.

4.3 Disposition of Protected Health Information Upon Termination or Expiration.

(a) Except as provided in paragraph (b) of this section, upon termination for any reason or expiration of this Agreement, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

(b) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make infeasible.

If return or destruction is infeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

#### MISCELLANEOUS

5.1 No Third Party Beneficiaries. Nothing in this Paragraph shall confer upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

5.2 Use of Subcontractors and Agents. Business Associate shall require each of its agents and subcontractors that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate,

on behalf of Covered Entity, to execute a written agreement obligating the agent or subcontractor to comply with all the terms of this Addendum.

5.3 Relationship to Services Agreement Provisions. In the event that a provision of this Paragraph is contrary to another provision of this Agreement, the provision of this Paragraph shall control. Otherwise, this Paragraph shall be construed under, and in accordance with, the terms of this Agreement.

5.4 Regulatory References. A reference in this Paragraph to a section in the Privacy or Security Regulations means the section as in effect or as amended.

5.5 Interpretation. Any ambiguity in this Paragraph shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy and Security Regulations.

5.6 Amendment. The parties agree to take such action as is necessary to amend this Paragraph from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations.

13. ADDITIONAL PROVISIONS: Attached hereto and incorporated herein by reference, is a document labeled Additional Provisions, of which the terms and conditions therein contained are part of this Agreement.

14. CONSTRUCTION: To the extent there are any rights, duties, obligations, or responsibilities enumerated in the recitals or otherwise in this Agreement, they shall be deemed a part of the operative provisions of this Agreement and are fully binding upon the parties.

15. CONFLICT OF TERMS: To the extent that there exists any conflict or inconsistency between the language of this Agreement (including its Additional Provisions), and that of any Exhibit(s), Attachment(s), and any other documents incorporated herein by reference, the language found within this Agreement shall govern and prevail.

16. ALTERATION OF TERMS:

A. The body of this Agreement, including its Additional Provisions, and any Exhibit(s), and/or Attachment(s) attached hereto, fully expresses all understandings of the parties concerning all matters covered and shall constitute the total Agreement. No addition to, or alteration of, the terms of this Agreement, whether by written or verbal understanding of the parties, their officers, employees or agents, shall be valid and effective unless made in the form of a written

amendment to this Agreement which is formally approved and executed by the parties in the same manner as this Agreement.

B. For referral of accounts pursuant to Exhibit A, Paragraph 10, SPECIAL ACCOUNTS, herein, a written change notice shall be prepared and signed by the Director and Contractor.

17. CONTRACTOR'S OFFICE: Contractor's primary business office is located at 8301 Florence Avenue, Suite 201, Downey, CA 90240. Contractor's primary business telephone number is (562) 862-7388. Contractor shall notify County, in writing, of any changes made to Contractor's primary business address, business telephone number, facsimile/FAX number, and/or e-mail address, as listed herein, or any other business address, business telephone number, facsimile/FAX number, and/or e-mail address used in the provision of services herein, at least ten (10) calendar days prior to the effective date(s) thereof.

18. NOTICES: Notices hereunder shall be in writing and may either be delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid, attention to the parties at the addresses listed below. Director is authorized to execute all notices or demands which are required or permitted by County under this Agreement. Addresses and parties to be notified may be changed by providing at least ten (10) working days prior written notice to the other party.

A. Notices to County shall be addressed as follows:

- (1) Department of Health Services  
Contracts and Grants Division  
313 North Figueroa Street, Sixth Floor-East  
Los Angeles, California 90012-2659

Attention: Division Chief

- (2) Department of Health Services  
Revenue Management  
313 North Figueroa Street, Room 527  
Los Angeles, California 90012-2659

Attention: Director

B. Notices to Contractor shall be addressed as follows:

California Reimbursement Enterprises, Inc.  
8301 Florence Avenue, Suite 201  
Downey, California 90240

Attention: Eugene Lourey, President

IN WITNESS WHEREOF, the Board of Supervisors of the County  
of Los Angeles has caused this Agreement to be subscribed by its

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Director of Health Services, and Contractor has caused this Agreement to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
John F. Schunhoff, Ph.D.  
Interim Director

CALIFORNIA REIMBURSEMENT  
ENTERPRISES, INC.

Contractor  
By Eugene D. Lourey  
Signature  
Eugene D. Lourey  
Print Name

Title CEO  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM  
BY THE OFFICE OF THE COUNTY COUNSEL  
Raymond G. Fortner, Jr.  
County Counsel

APPROVED AS TO CONTRACT  
ADMINISTRATION:

Department of Health Services

By \_\_\_\_\_  
Cara O'Neill, Chief  
Contracts and Grants Division

06/10/08

## ADDITIONAL PROVISIONS

### TABLE OF CONTENTS

<u>Paragraph No.</u>	<u>Title</u>	<u>Page No.</u>
1.	ADMINISTRATION	1
2.	FORM OF BUSINESS ORGANIZATION AND FISCAL DISCLOSURE	1
3.	NONDISCRIMINATION IN SERVICES	3
4.	NONDISCRIMINATION IN EMPLOYMENT	4
5.	FAIR LABOR STANDARDS ACT	7
6.	EMPLOYMENT ELIGIBILITY VERIFICATION	8
7.	CONTRACTOR'S EXCLUSION FROM PARTICIPATION IN A FEDERALLY FUNDED PROGRAM	8
8.	RULES AND REGULATIONS	9
9.	STAFF PERFORMANCE OF SERVICES WHILE UNDER THE INFLUENCE	10
10.	UNLAWFUL SOLICITATION	10
11.	AUTHORIZATION WARRANTY	11
12.	COUNTY LOBBYISTS	11
13.	RESTRICTIONS ON LOBBYING	11
14.	COUNTY'S QUALITY ASSURANCE PLAN	11
15.	RECORDS AND AUDITS	12
16.	REPORTS	17
17.	CONFIDENTIALITY	17
18.	CONTRACTOR PERFORMANCE DURING CIVIL UNREST OR DISASTER	18

TABLE OF CONTENTS

<u>Paragraph No.</u>	<u>Title</u>	<u>Page No.</u>
19.	PROHIBITION AGAINST ASSIGNMENT AND DELEGATION	18
20.	COMPLIANCE WITH JURY SERVICE PROGRAM	20
21.	LICENSES, PERMITS, REGISTRATIONS, ACCREDITATIONS, AND CERTIFICATES	23
22.	INDEPENDENT CONTRACTOR STATUS	24
23.	REQUIREMENT TO NOTIFY EMPLOYEES ABOUT FEDERAL EARNED INCOME CREDIT ("EIC")	25
24.	CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM	25
25.	TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM	26
26.	NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW	27
27.	CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW	27
28.	CONSIDERATION OF COUNTY'S DEPARTMENT OF SOCIAL SERVICES ("DPSS") GREATER AVENUES FOR INDEPENDENCE ("GAIN") PROGRAM OR GENERAL RELIEF OPPORTUNITY FOR WORK ("GROW") PARTICIPANTS FOR EMPLOYMENT	27
29.	COUNTY EMPLOYEES RIGHT OF FIRST REFUSAL AND CONTRACTOR'S OFFERS OF EMPLOYMENT	28
30.	NO INTENT TO CREATE A THIRD PARTY BENEFICIARY CONTRACT	29
31.	SERVICE DELIVERY SITE - MAINTENANCE STANDARDS	29
32.	DAMAGE TO COUNTY FACILITIES, BUILDINGS OR GROUNDS	30

TABLE OF CONTENTS

Paragraph No.	Title	Page No.
33.	USE OF RECYCLED - CONTENT BOND PAPER	30
34.	NOTICE OF DELAYS	30
35.	CONFLICT OF INTEREST	30
36.	TERMINATION FOR INSOLVENCY	32
37.	TERMINATION FOR DEFAULT	32
38.	TERMINATION FOR IMPROPER CONSIDERATION	33
39.	TERMINATION FOR MATERIAL BREACH	34
40.	TERMINATION FOR CONVENIENCE	34
41.	TERMINATION FOR NON-APPROPRIATION OF FUNDS	36
42.	CONTRACTOR RESPONSIBILITY AND DEBARMENT	36
43.	SOLICITATION OF BIDS OR PROPOSALS	40
44.	GOVERNING LAWS, JURISDICTION, AND VENUE	41
45.	WAIVER	41
46.	SEVERABILITY	41
47.	COVENANT AGAINST CONTINGENT FEES	42

## ADDITIONAL PROVISIONS

1. ADMINISTRATION: Director shall have the authority to administer this Agreement on behalf of County. Contractor agrees to extend to Director, or to authorized federal, State, County, and local governmental representatives, the right to review and monitor Contractor's program(s), policies, procedures, and financial and/or other records, and to inspect its business offices, facility(ies), and/or County work site area(s), for contractual compliance at any reasonable time.

2. FORM OF BUSINESS ORGANIZATION AND FISCAL DISCLOSURE:

A. Form of Business Organization: Contractor shall prepare and submit to Director upon request, an affidavit, sworn to and executed by Contractor's duly constituted officers, or Board of Directors, containing the following information with supportive documentation:

(1) The form of Contractor's business organization, e.g., sole proprietorship, partnership, limited liability company ("LLC"), or corporation.

(2) Articles of Incorporation and By-Laws (or articles of organization, certificate of formation, certificate of registration, and operating agreement if Contractor's organization is an LLC).

(3) A detailed statement indicating whether Contractor is totally or substantially owned by another

business organization (i.e., another legal entity or parent corporation).

(4) Board Minutes, or other legal documentation, identifying who is authorized on behalf of Contractor to conduct business, make commitments, and enter into binding agreements with County. Such Board Minutes, or legal documentation, shall especially confirm that the person executing this Agreement for Contractor is an authorized agent who has actual authority to bind Contractor to each and every term, condition, and obligation set forth in this Agreement.

(5) A detailed statement indicating whether Contractor totally or partially owns any other business organization that will be providing services supplies, materials, or equipment to Contractor or in any manner does business with Contractor under this Agreement.

(6) If, during the term of this Agreement, the form of Contractor's business organization changes, or the ownership of Contractor changes, or Contractor's authorized person to conduct business, make commitments, and enter into binding agreements with County changes; or Contractor's ownership of other businesses dealings with Contractor under this Agreement changes; Contractor shall notify Director in writing detailing such changes within thirty (30) calendar days prior to the effective date thereof.

B. Fiscal Disclosure: Contractor shall prepare and submit to Director upon request, within ten (10) calendar days following execution of this Agreement, a statement executed by Contractor's duly constituted officers or Board of Directors, containing the following information:

(1) A detailed statement listing all sources of funding to Contractor, including but not limited to, private contributions, if any. The statement shall include the nature of the funding, services to be provided, total dollar amount, and period of time of such funding.

(2) If, during the term of this Agreement, the source(s) of Contractor's funding changes, Contractor shall promptly notify the Director in writing detailing such changes within thirty (30) calendar days prior to the effective date thereof.

3. NONDISCRIMINATION IN SERVICES: Contractor shall not discriminate in the provision of services hereunder because of race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, or physical or mental disability, or sexual orientation in accordance with requirements of federal and State laws. For the purpose of this Paragraph, discrimination in the provision of services may include, but is not limited to, the following: denying any person any service or benefit or the availability of a facility; providing any service or benefit to

any person which is not equivalent, or is provided in a non-equivalent manner or at a non-equivalent time, from that provided to others; subjecting any person to segregation or separate treatment in any manner related to the receipt of any service; restricting any person in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit; and treating any person differently from others in determining admission, enrollment quota, eligibility, membership, or any other requirements or conditions which persons must meet in order to be provided any service or benefit. Contractor shall take affirmative action to ensure that intended beneficiaries of this Agreement are provided services without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, physical or mental disability, or sexual orientation.

In addition, Contractor's facility access for the disabled must fully comply with section 504 of the federal Rehabilitation Act of 1973 and Title III of the federal Americans with Disabilities Act of 1990.

4. NONDISCRIMINATION IN EMPLOYMENT:

A. Contractor certifies and agrees, pursuant to the federal Rehabilitation Act of 1973, the federal Americans with Disabilities Act of 1990, and all other federal and State laws, as they now exist or may hereafter be amended, that it, its affiliates, subsidiaries, or holding companies, will not discriminate against any employee or applicant for

employment because of race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, physical or mental disability, or sexual orientation.

Contractor shall take affirmative action to ensure that qualified applicants are employed, and that employees are treated during employment, without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, physical or mental disability, or sexual orientation, in accordance with federal and State laws. Such action shall include, but not be limited to the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

Contractor shall post in conspicuous places in each of Contractor's facilities providing services hereunder, positions available and open to employees and applicants for employment, and notices setting forth the provisions of this Paragraph.

B. Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of Contractor, state that all qualified applicants shall receive consideration for employment without regard to race, color, religion, national origin, ethnic group

identification, ancestry, sex, age, marital status, political affiliation, physical or mental disability, or sexual orientation, in accordance with requirements of federal and State laws.

C. Contractor shall send to each labor union or representative of workers with which it has a collective bargaining agreement, or other contract of understanding, a notice advising the labor union or workers' representative of Contractor's commitments under this Paragraph.

D. Contractor certifies and agrees that it shall deal with its subcontractor, bidders, or vendors without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, physical or mental disability, or sexual orientation, in accordance with requirements of federal and State laws.

E. Contractor shall allow federal, State, and County representatives, duly authorized by Director, access to its employment records during regular business hours in order to verify compliance with the anti-discrimination provisions of this Paragraph. Contractor shall provide such other information and records as such representatives may require in order to verify compliance with the anti-discrimination provisions of this Paragraph.

F. If County finds that any of the provisions of this Paragraph have been violated, the same shall constitute a

material breach of Agreement upon which County may determine to cancel, terminate, or suspend, this Agreement. While County reserves the right to determine independently that the anti-discrimination provisions of this Agreement have been violated, in addition, a determination by the California Fair Employment Practices Commission or the federal Equal Employment Opportunity Commission that Contractor has violated federal or State anti-discrimination laws shall constitute a finding by County that Contractor has violated the anti-discrimination provision of this Agreement.

G. The parties agree that in the event Contractor violates any of the anti-discrimination provisions of this Agreement, County shall be entitled, at its option, to the sum of Five Hundred Dollars (\$500) pursuant to California Civil Code section 1671 as liquidated damages in lieu of canceling, terminating, or suspending this Agreement.

5. FAIR LABOR STANDARDS ACT: Contractor shall comply with all applicable provisions of the federal Fair Labor Standards Act, and shall indemnify, defend, and hold harmless County, its officers, employees, and agents from any and all liability including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law including, but not limited to, the federal Fair Labor Standards Act for services performed by

Contractor's employees for which County may be found jointly or solely liable.

6. EMPLOYMENT ELIGIBILITY VERIFICATION: Contractor warrants that it fully complies with all federal statutes and regulations regarding employment of undocumented aliens and others, and that all its employees performing services hereunder meet the citizenship or alien status requirements contained in federal statutes and regulations. Contractor shall obtain, from all covered employees performing services hereunder, all verification and other documentation of employment eligibility status required by federal statutes and regulations, as they currently exist and as they may be hereafter amended. Contractor shall retain such documentation for all covered employees for the period prescribed by law. Contractor shall indemnify, defend and hold harmless County, its officers, and employees from employer sanctions and any other liability which may be assessed against Contractor or County in connection with any alleged violation of federal statutes or regulations pertaining to the eligibility for employment of persons performing services under this Agreement.

7. CONTRACTOR'S EXCLUSION FROM PARTICIPATION IN A FEDERALLY FUNDED PROGRAM: Contractor hereby warrants that neither it nor any of its staff members is restricted or excluded from providing services under any health care program funded by the federal government, directly or indirectly, in whole or in part, and that Contractor will notify Director in writing, within thirty (30) calendar days, of: (1) any event that would require

Contractor or a staff member's mandatory exclusion from participation in a federally funded health care program; and (2) any exclusionary action taken by any agency of the federal government against Contractor or one or more staff members barring it or the staff members from participation in a federally funded health care program, whether such bar is direct or indirect, or whether such bar is in whole or in part.

Contractor shall indemnify and hold County harmless against any and all loss or damage County may suffer arising from any federal exclusion of Contractor or its staff members from such participation in a federally funded health care program.

Failure by Contractor to meet the requirements of this Paragraph shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement.

8. RULES AND REGULATIONS: During the time that Contractor's employees, or subcontractors are at Medical Center, Contractor and such persons shall be subject to the rules and regulations of Medical Center. Medical Center's Administrator shall furnish a copy of rules and regulations to Contractor pertaining to Medical Center prior to the execution of this Agreement and, during the term of this Agreement, shall furnish Contractor with any changes thereto as from time to time may be adopted. It is the responsibility of Contractor to acquaint itself and such persons who may provide services hereunder with such rules and regulations. Contractor agrees to immediately and permanently withdraw any of its employees or subcontractors from

the provision of services hereunder upon receipt of written notice from the Director that: (1) such employee or subcontractor has violated such rules or regulations, or (2) such employee's or subcontractor's actions while on County premises, indicate that such employee or subcontractor may adversely affect the delivery of health care services to County patients. The Director must submit with such notice a written statement of the facts supporting any such alleged violation or action.

9. STAFF PERFORMANCE OF SERVICES WHILE UNDER THE INFLUENCE: Contractor shall ensure that no employee or other person under Contractor's control, performs services hereunder while under the influence of any alcoholic beverage, medication, narcotic, or other substance that might impair his/her physical or mental performance.

10. UNLAWFUL SOLICITATION: Contractor shall inform all of its officers and employees performing services hereunder of the provisions of Article 9 of Chapter 4 of Division 3 (commencing with section 6150) of Business and Professions Code of the State of California (i.e., State Bar Act provisions regarding unlawful solicitation as a runner or capper for attorneys) and shall take positive and affirmative steps in its performance hereunder to ensure that there is no violation of said provisions by its officers and employees. Contractor agrees to utilize the attorney referral service of all those bar associations within Los Angeles County that have such a service.

11. AUTHORIZATION WARRANTY: Contractor hereby represents and warrants that the person executing this Agreement for Contractor is an authorized agent who has actual authority to bind Contractor to each and every term, condition, and obligation set forth in this Agreement and that all requirements of Contractor have been fulfilled to provide such actual authority.

12. COUNTY LOBBYISTS: Each County lobbyist as defined in Los Angeles County Code Section 2.160.010, retained by Contractor, shall fully comply with the County Lobbyist ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of any County lobbyist retained by Contractor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Agreement.

13. RESTRICTIONS ON LOBBYING: If any federal monies are to be used to pay for Contractor's services under this Agreement, Contractor shall comply with all such certification and disclosure requirements prescribed by Section 319, Public Law 101-121 (31 United States Code Section 1352) and any implementing regulations, and shall ensure that each of its subcontractors receiving funds provided under this Agreement also fully comply all such certification and disclosure requirements.

14. COUNTY'S QUALITY ASSURANCE PLAN: The County or its agents will evaluate Contractor's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Contractor's compliance with all contract terms

and performance standards. Contractor deficiencies which Director determines are severe or continuing and that may place performance of the Agreement in jeopardy if not corrected will be reported to County's Board of Supervisors. The report will include improvement/corrective action measures taken by Director and Contractor. If improvement does not occur consistent with the corrective action measures, County may terminate Agreement or impose other penalties as specified in Agreement.

15. RECORDS AND AUDITS:

A. Service Records: Contractor shall maintain, and provide upon request by County, accurate and complete records of its activities and operations as they relate to the provision of services, hereunder.

B. Financial Records: Contractor shall prepare and maintain on a current basis, complete financial records in accordance with generally accepted accounting principles and also in accordance with any additional accounting principles and procedures, and standards, which may from time to time be promulgated by Director. All such records shall be sufficient to substantiate all charges billed to County in the performance of this Agreement. Further, all financial records of Contractor pertaining to this Agreement, including accurate books and records of accounts of its costs and operating expenses, and all records of services (including personnel provided), as well as other financial records pertaining to this Agreement, shall be retained by

Contractor for a minimum period of five (5) years following the expiration or prior termination of this Agreement. During such five (5) year period, as well as during the term of this Agreement, all records pertaining to this Agreement, or true and correct copies thereof, including but not limited to, those records described above, shall either: (1) be retained by Contractor, accessible for review by County representatives at a location in Los Angeles County, or (2) if retained by Contractor at a location outside of Los Angeles County, moved from such a location, to a location within Los Angeles County for review, upon Director's request, and made available during County's normal business hours, within ten (10) calendar days, to representatives of County, or federal and State governments, for purposes of inspection and audit. In the event such records are located outside Los Angeles County and Contractor is unable to move such records to Los Angeles County, then Contractor shall permit such inspection or audit to take place at an agreed to outside location, and Contractor shall pay County for travel, per diem, and other costs related to such inspection and audit.

Contractor shall further agree to provide such records, when possible, immediately to County by facsimile/FAX, or through the internet (i.e., electronic mail ["e-mail"]), upon Director's request. Director's request shall include appropriate County facsimile/FAX number(s) and/or e-mail

address(es) for Contractor to provide such records to County. In any event, Contractor shall agree to make available the original documents of such FAX and e-mail records when requested by Director for review as described hereinabove.

C. Federal Access to Records: If, and to the extent that, section 1861 (v) (1) (I) of the Social Security Act [42 United States Code ("U.S.C.") section 1395x (v) (1) (I)] is applicable, Contractor agrees that for a period of five (5) years following the furnishing of services under this Agreement, Contractor shall maintain and make available, upon written request, to the Secretary of the United States Department of Health and Human Services or the Comptroller General of the United States, or to any of their duly authorized representatives, this Agreement, books, documents, and records of Contractor which are necessary to verify the nature and extent of the cost of services provided hereunder. Furthermore, if Contractor carries out any of the services provided hereunder through any subcontract with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12) month period with a related organization (as that term is defined under federal law), Contractor agrees that each such subcontract shall provide for such access to the sub-contract, books, documents and records of the subcontractor.

D. County To Be Provided Audit Report(s): In the event that an audit is conducted of Contractor specifically regarding this Agreement by any federal or State auditor, or any auditor or accountant employed by Contractor or otherwise, Contractor shall file a copy of each such audit report with Director and County's Auditor-Controller within thirty (30) calendar days of Contractor's receipt thereof, unless otherwise provided under this Agreement, or under applicable federal or State regulations. To the extent permitted by law, County shall maintain the confidentiality of such audit report(s). Failure of Contractor to comply with these terms shall constitute a material breach of this Agreement upon which County may cancel, terminate, or suspend this Agreement.

E. Audit/Compliance Review: In the event County representatives conduct an audit/compliance review of Contractor, Contractor shall fully cooperate with County's representatives. Contractor shall allow County representatives access to all records of services rendered and all financial records and reports pertaining to this Agreement and shall allow photocopies to be made of these documents utilizing Contractor's photocopier, for which County shall reimburse Contractor its customary charge for record copying services, if requested. Director shall provide Contractor with at least ten (10) working days prior

written notice of any audit/compliance review, unless otherwise waived by Contractor.

County may conduct a statistical sample audit/compliance review of all claims paid by County during a specified period. The sample shall be determined in accordance with generally accepted auditing standards. An exit conference shall be held following the performance of such audit/ compliance review at which time the results shall be discussed with Contractor. Contractor shall be provided with a copy of any written evaluation reports.

Contractor shall have the opportunity to review County's findings on Contractor, and Contractor shall have thirty (30) calendar days after receipt of County's audit/ compliance review results to provide documentation to County representatives to resolve the audit exceptions. If, at the end of the thirty (30) calendar day period, there remains audit exceptions which have not been resolved to the satisfaction of County's representatives, then the exception rate found in the audit, or sample, shall be applied to the total County payment made to Contractor for all claims paid during the audit/compliance review period to determine Contractor's liability to County.

F. County Audit Settlements: If, at any time during the term of this Agreement or at any time within five (5) years after the expiration or earlier termination of this Agreement, authorized representatives of County conduct an

audit of Contractor regarding the services provided to County hereunder and if such audit finds that County's dollar liability for such services is less than payments made by County to Contractor, then Contractor agrees that the difference shall be either: (1) repaid forthwith by Contractor to County by cash payment, or (2) at Director's option, deducted from any further amount due Contractor from County. If such audit finds that County's dollar liability for services provided hereunder is more than payments made by County to Contractor, then the difference shall be paid forthwith to Contractor by County by cash payment.

16. REPORTS: Contractor shall make reports as required by County, or DHS, concerning Contractor's activities and operations as they relate to this Agreement and the provision of services hereunder. In no event, however may County, or DHS, require such reports unless Director has provided Contractor with at least thirty (30) calendar days' prior written notification thereof. Director's notification shall provide Contractor with a written explanation of the procedures for reporting the information required.

17. CONFIDENTIALITY: To the extent that Contractor may gain access hereunder to County patient records and information, Contractor shall maintain the confidentiality of such records and information from third parties, including but not limited to, billings and County records, in accordance with all applicable federal, State, and local laws, ordinances, rules, regulations,

and directives relating to confidentiality. Contractor shall inform all its officers, employees, agents, subcontractors, and others providing services hereunder of this confidentiality provision requirement. Contractor shall indemnify and hold harmless County, its officers, employees, agents, and subcontractors, from and against any and all loss, damage, liability, and expense arising out of any disclosure of patient records and information by Contractor, its officers, employees, agents, subcontractors, and others providing services hereunder.

18. CONTRACTOR PERFORMANCE DURING CIVIL UNREST OR DISASTER:

Contractor recognizes that health care facilities maintained by County provide care essential to the residents of the communities they serve, and that these services are of particular importance at the time of a riot, insurrection, civil unrest, natural disaster, or similar event. Notwithstanding any other provision of this contract, full performance by Contractor during any riot, insurrection, civil unrest, natural disaster or similar event is not excused if such performance remains physically possible.

Failure to comply with this requirement shall be considered a material breach by Contractor for which County may immediately terminate this Agreement.

19. PROHIBITION AGAINST ASSIGNMENT AND DELEGATION:

A. Contractor shall not assign its rights or delegate its duties under this Agreement, or both, whether in whole or in part, without the prior written consent of County.

Any assignment or delegation which does not have such prior

County consent shall be null and void. For purposes of this Paragraph, such County consent shall require a written amendment to this Agreement which is formally approved and executed by the parties. Any billings to County by any delegatee or assignee on any claim under this Agreement, absent such County's consent, shall not be paid by County. Any payments by County to any delegatee or assignee on any claim under this Agreement, in consequence of any such County consent, shall reduce dollar for dollar any claims which Contractor may have against County and shall be subject to setoff, recoupment or other reduction of claims which County may have against Contractor, whether under this Agreement or otherwise.

B. Shareholders or partners, or both, of Contractor may sell, exchange, assign, divest, or otherwise transfer any interest they may have therein. However, in the event any such sale, exchange, assignment, divestment or other transfer is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership or legal entity other than the majority controlling interest therein at the time of execution of this Agreement, then prior written consent thereof by County's Board of Supervisors shall be required. Any payments by County to Contractor on any claim under this Agreement shall not waive or constitute such County consent.

Consent to any such sale, exchange, assignment, divestment, or other transfer shall be refused only if County, in its sole judgement, determines that the transferee(s) is (are) lacking in experience, capability and financial ability to perform all Agreement services and other work. This in no way limits any County right found elsewhere in this Agreement, including, but not limited to, any right to terminate this Agreement.

C. Any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Agreement which may result in the termination of the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

20. COMPLIANCE WITH JURY SERVICE PROGRAM:

A. Jury Service Program: This Agreement is subject to the service provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as

codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code.

B. Written Employee Jury Service Policy:

(1) Unless Contractor has demonstrated to County's satisfaction either that Contractor is not a "contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides that its employees shall receive from Contractor, on an annual basis, no less than five (5) days of regular pay for actual jury service served. Contractor's policy may further provide that employees deposit any fees received for such jury service with Contractor or that Contractor deduct from the employee's regular pay the fees received for jury service.

(2) For purpose of this Paragraph, and as set forth in the Jury Service Program provision of the County Code as described hereinabove: "Contractor" shall mean a person, partnership, corporation, or other entity, that has a contract with County, or a subcontract with a County contractor, and has received, or will receive, an aggregate sum of Fifty Thousand Dollars (\$50,000) or more in any twelve (12) month

period under one (1) or more County contracts or subcontracts; "employee" shall mean any California resident who is a full-time employee of Contractor; and "full-time" shall mean forty (40) hours or more worked per week, or a lesser number of hours, if: 1) the lesser number is a recognized industry standard as determined by County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time.

Full-time employees providing short-term temporary services of ninety (90) days or less within a twelve (12) month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for County under this Agreement, the subcontractor shall also be subject to the provisions of this Paragraph. The provisions of this Paragraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

(3) If Contractor is not required to comply with the Jury Service Program on the effective date of this Agreement, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Services Program, and Contractor shall immediately notify County if Contractor at any time either comes within the Jury

Service Program's definition of "Contractor", or if Contractor no longer qualifies for an exception to the Jury Service Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. County may also require, at any time during the Agreement term, and at its sole discretion, that Contractor demonstrate to County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Jury Service Program.

(4) Contractor's violation of this Paragraph of the Agreement may constitute a material breach of this Agreement. In the event of such breach, County may, in its sole discretion, terminate this Agreement and/or bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

21. LICENSES, PERMITS, REGISTRATIONS, ACCREDITATIONS, AND CERTIFICATES: Contractor shall obtain and maintain in effect during the term of this Agreement, all appropriate licenses, permits, registrations, accreditations, and certificates required by all applicable federal, State, and local laws, regulations, guidelines and directives, for the operation of its business operation and for the provisions of services hereunder.

Contractor shall ensure that all of its officers, employees, and agents who perform services hereunder, obtain and maintain in effect during the term of this Agreement, all licenses, permits, registrations, accreditations, and certificates required by federal, State, and local laws, regulations, guidelines and directives, which are applicable to their performance hereunder. Upon Director's written request Contractor shall provide Director with a copy of each license, permit, registration, accreditation, and certificate, as required by all applicable federal, State, and local laws, regulations, guidelines and directives, within ten (10) calendar days thereafter.

22. INDEPENDENT CONTRACTOR STATUS:

A. This Agreement is by and between County and Contractor and is not intended, and shall not be construed, to create the relationship of employee, agent, servant, partnership, joint venture, or association, as between County and Contractor. The employees and agents of one party shall not be, or be construed to be, employees or agents of the other party for any purpose whatsoever.

B. Contractor shall be solely liable and responsible for providing to, or on behalf of, its officers and employees all legally required employee benefits. County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, federal, State, and local taxes, or other

compensation, benefits, or taxes to, or on behalf of, any personnel provided by Contractor.

C. Contractor understands and agrees that all persons furnishing services to County pursuant to this Agreement are, for purposes of workers' compensation liability, the sole employees of Contractor and not employees of County. Contractor shall bear the sole responsibility and liability for furnishing workers' compensation benefits to any person for injuries arising from or connected with services performed by or on behalf of Contractor pursuant to this Agreement.

23. REQUIREMENT TO NOTIFY EMPLOYEES ABOUT FEDERAL EARNED INCOME CREDIT ("EIC"): Contractor shall notify its employees, and shall require that each of its subcontractors notify its employees, to inform them that they may be eligible for claiming federal EIC as allowed under the federal income tax laws. Such notification shall be provided in accordance with the requirements as set forth in the Department of Treasury Internal Revenue Service's ("IRS") Notice 1015; copies of which are available from the IRS Forms Distribution Center by calling (800) 829-3676.

24. CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM: Contractor acknowledges that County has established a goal of ensuring that all individuals who benefit financially from County through contract are in compliance with their court-ordered child, family, and spousal

support obligations in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

As required by County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting Contractor's duty under this Agreement to comply with all applicable provisions of law, Contractor warrants that it is now in compliance and shall during the term of this Agreement maintain in compliance with employment and wage reporting requirements as required by the federal Social Security Act [(42 USC section 653(a)] and California Unemployment Insurance Code section 1088.55, and shall implement all lawfully served Wage and Earnings Withholdings Orders or Child Support Services Department ("CSSD") Notices of Wage and Earnings Assignment for Child, Family, or Spousal Support, pursuant to Code of Civil Procedure section 706.031 and Family Code section 5246(b).

25. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM:

Failure of Contractor to maintain compliance with the requirements set forth in "Contractor's Warranty of Adherence to County's Child Support Compliance Program" Paragraph immediately above, shall constitute default by Contractor under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement failure of Contractor to cure such default within ninety (90) calendar days of written notice shall be grounds upon which County may terminate this Agreement pursuant to the TERMINATION Paragraphs

of this Agreement and pursue debarment of Contractor, pursuant to County Code Chapter 2.202.

26. NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW: The Contractor shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is attached hereto and incorporated herein, and is also available on the Internet at [www.babysafela.org](http://www.babysafela.org) for printing purposes.

27. CONTRACTOR'S ACKNOWLEDGMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW: The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used.

28. CONSIDERATION OF COUNTY'S DEPARTMENT OF PUBLIC SOCIAL SERVICES ("DPSS") GREATER AVENUES FOR INDEPENDENCE ("GAIN") PROGRAM OR GENERAL RELIEF OPPORTUNITY FOR WORK ("GROW") PARTICIPANTS FOR EMPLOYMENT: Should Contractor require

additional or replacement personnel after the effective date of this Agreement, Contractor shall give consideration for any such employment openings to participants in the County's DPSS GAIN or GROW program(s), who meet Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that Contractor will interview qualified candidates. County will refer GAIN/GROW participants by job category to the Contractor. In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

29. COUNTY EMPLOYEE'S RIGHT OF FIRST REFUSAL AND CONTRACTOR'S OFFERS OF EMPLOYMENT: To the degree permitted by Contractor's agreements with its collective bargaining units, Contractor shall give the right of first refusal for its employment openings at Contractor's facility to qualified County employees who are laid-off or who leave County employment in lieu of reduction under County's Civil Service Rule 19, and who are referred to Contractor by Director (including those on a County re-employment list). Such offers of employment shall be limited to vacancies in Contractor's staff needed to commence services under this Agreement, as well as, to vacancies that occur during the Agreement term. Such offers of employment shall be consistent with Contractor's current employment policies, and shall be made to any former or current County employee who has made application to Contractor, and is qualified for the available position. Employment offers shall be at least under

the same conditions and rates of compensations which apply to other persons who are employed or may be employed by Contractor. Former County employees who have been impacted by County's Civil Service Rule 19, and who are employed by Contractor shall not be discharged during the term of the Agreement except for cause, subject to Contractor's personnel policies and procedures, and agreement(s) with its collective bargaining units.

Contractor shall also give first consideration to laid-off or reduced County employees if vacancies occur at Contractor's other service sites during the Agreement term.

30. NO INTENT TO CREATE A THIRD PARTY BENEFICIARY CONTRACT:

Notwithstanding any other provision of this Agreement, the parties do not in any way intend that any person shall acquire any rights as a third party beneficiary under this Agreement.

31. SERVICE DELIVERY SITE - MAINTENANCE STANDARDS:

Contractor shall assure that the location(s) [e.g., facility(ies)] where Contractor provides services under this Agreement, is/are operated at all times in accordance with all County and local community standards with regard to property maintenance and repair, graffiti abatement, refuse removal, fire safety, landscaping, and in full compliance with all applicable local laws, ordinances, and regulations relating to the property. County's periodic monitoring visits to Contractor's facility(ies) shall include a review of compliance with the provisions of this Paragraph.

32. DAMAGE TO COUNTY BUILDINGS, FACILITIES, OR GROUNDS:

Contractor shall repair, or cause to be repaired, at its own cost, any damage to County buildings, facilities, or grounds, caused by Contractor or any officer, employee, or agent of Contractor. Such repairs shall be made immediately after Contractor has become aware of such damage, but in no event, later than thirty (30) calendar days after the occurrence.

If Contractor fails to make timely repairs, County may make any necessary repairs on its own. All costs incurred by County for such repairs, as determine by Director, shall be repaid by Contractor upon demand.

33. USE OF RECYCLED - CONTENT BOND PAPER: Consistent with County's Board of Supervisors policy to reduce the amount of solid waste deposited at County landfills, Contractor agrees to use recycled-content bond paper and paper products to the maximum extent possible in connection with services to be performed by Contractor under this Agreement.

34. NOTICE OF DELAYS: Except as otherwise provided under this Agreement, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Agreement, that party shall within two (2) calendar days, give notice thereof, including all relevant information with respect thereto, to the other party.

35. CONFLICT OF INTEREST:

A. No County officer or employee whose position in County enables such officer or employee to influence the

award or administration of this Agreement or any competing agreement, and no spouse or economic dependent of such officer or employee shall be employed in any capacity by Contractor herein, or have any other direct or indirect financial interest in this Agreement. No officer, employee, agent, or subcontractor of Contractor who may financially benefit from the provision of services hereunder shall in any way participate in County's approval process for the award of this Agreement or any competing agreement, or ongoing evaluation of such services, under this Agreement or any competing agreement, or in any way attempt to unlawfully influence County's approval or ongoing evaluation of such services.

B. Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Agreement. Contractor warrants that it is not now aware of any facts which create a conflict of interest. If Contractor hereafter becomes aware of any facts which might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to Director. Full written disclosure shall include, without limitation, identification of all persons involved, or implicated, and a complete description of all relevant circumstances.

36. TERMINATION FOR INSOLVENCY: County may terminate this Agreement immediately for default in the event of the occurrence of any of the following:

A. Insolvency of Contractor. Contractor shall be deemed to be insolvent if it has ceased to pay its debts at least sixty (60) calendar days in the ordinary course of business or cannot pay its debts as they become due, whether Contractor has committed an act of bankruptcy or not, and whether Contractor is insolvent within the meaning of the federal Bankruptcy Law or not;

B. The filing of a voluntary or involuntary petition under the federal Bankruptcy Law;

C. The appointment of a Receiver or Trustee for Contractor;

D. The execution by Contractor of an assignment for the benefit of creditors.

The rights and remedies of County provided in this Paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

37. TERMINATION FOR DEFAULT: County may, by written notice of default to Contractor, terminate this Agreement immediately in any one of the following circumstances:

A. If, as determined in the sole judgment of County, Contractor fails to perform any services within the times specified in this Agreement or any extension thereof as County may authorize in writing; or

B. If, as determined in the sole judgment of County, Contractor fails to perform and/or comply with any of the other provisions of this Agreement, or so fails to make progress as to endanger performance of this Agreement in accordance with its terms, and in either of these two (2) circumstances, does not cure such failure within a period of five (5) calendar days (or such longer period as County may authorize in writing) after receipt of notice from County specifying such failure.

In the event that County terminates this Agreement as provided hereinabove, County may procure, upon such terms and in such manner as County may deem appropriate, services similar to those so terminated, and Contractor shall be liable to County for any reasonable excess costs incurred by County for such similar services.

The rights and remedies of County provided in this Paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

38. TERMINATION FOR IMPROPER CONSIDERATION: County may, by written notice to Contractor, immediately terminate Contractor's right to proceed under this Agreement, if it is found that consideration in any form, were offered or given by Contractor, either directly or through an intermediary, to any County officer, employee, or agent, with the intent of securing the Agreement or securing favorable treatment with respect to the award, amendment, or extension of the Agreement, or making of any

determinations with respect to the Contractor's performance pursuant to the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could in the event of default by Contractor.

Contractor shall immediately report any attempt by a County officer, employee, or agent, to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or agent, or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861.

(Among other items, such improper considerations may take the form of cash, discounts, services, the provision of travel or entertainment, or other tangible gifts).

39. TERMINATION FOR MATERIAL BREACH: Notwithstanding any other provision of this Agreement, the failure of Contractor or its officers, employees, agents, or subcontractors, to comply with any of the terms of this Agreement or any written directions by or on behalf of County issued pursuant hereto shall constitute a material breach hereto, and this Agreement may be terminated by County immediately. County's failure to exercise this right of termination shall not constitute a waiver of such right, which may be exercised at any subsequent time.

40. TERMINATION FOR CONVENIENCE: The performance of services under this Agreement may be terminated, with or without cause, in whole or in part, from time to time when such action is deemed by County to be in its best interest. Termination of

services hereunder shall be effected by delivery to Contractor of a thirty (30) calendar day advance Notice of Termination specifying the extent to which performance of services under this Agreement is terminated and the date upon which such termination becomes effective.

After receipt of a Notice of Termination and except as otherwise directed by County, Contractor shall:

(1) Stop services under this Agreement on the date and to the extent specified in such Notice of Termination; and

(2) Complete performance of such part of the services as shall not have been terminated by such Notice of Termination. Further, after receipt of a Notice of Termination, Contractor shall submit to County, in the form and with the certifications as may be prescribed by County, its termination claim and invoice. Such claim and invoice shall be submitted promptly, but not later than sixty (60) calendar days from the effective date of termination. Upon failure of Contractor to submit its termination claim and invoice within the time allowed, County may determine on the basis of information available to County, the amount, if any, due to Contractor in respect to the termination, and such determination shall be final. After such determination is made, County shall pay Contractor the amount so determined.

Contractor for a period of five (5) years after final settlement under this Agreement, in accordance with the RECORDS

AND AUDITS Paragraph, herein, retain and make available all its books, documents, records, or other evidence, bearing on the costs and expenses of Contractor under this Agreement in respect to the termination of services hereunder.

Contractor may terminate this Agreement at any time, with or without cause, by giving at least sixty (60) calendar days prior written notice of termination to the other party.

41. TERMINATION FOR NON-APPROPRIATION OF FUNDS:

Notwithstanding any other provision of this Agreement, County shall not be obligated for services performed hereunder, or by any provision of this Agreement, during any of County's future July 1 - June 30 fiscal years unless and until County's Board of Supervisors appropriates funds for this Agreement in County's Budget for each such future fiscal year. In the event that funds are not appropriated for this Agreement, then this Agreement shall be deemed to have terminated on June 30 of the last County fiscal year for which funds were appropriated. Director shall notify Contractor in writing of such non-appropriation of funds at the earliest possible date.

42. CONTRACTOR RESPONSIBILITY AND DEBARMENT:

A. A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is County's policy to conduct business only with responsible contractors.

B. Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if County acquires information concerning the performance of Contractor on this or other contracts, which indicates that Contractor is not responsible, County may, in addition to other remedies provided in the contract, debar Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five (5) years or be permanent if warranted by the circumstances, and terminate any or all existing contracts Contractor may have with County.

C. County may debar Contractor if County's Board of Supervisors finds, in its discretion, that Contractor has done any of the following: (1) violated a term of a contract with County or a nonprofit corporation created by County, (2) committed an act or omission which negatively reflects on Contractor's quality, fitness or capacity to perform a contract with County, any other public entity, or a nonprofit corporation created by County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against County or any other public entity.

D. If there is evidence that Contractor may be subject to debarment, the Department will notify Contractor

in writing of the evidence which is the basis for the proposed debarment and will advise Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. Contractor and/or Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether contractor should be debarred, and if so, the appropriate length of time of the debarment. Contractor and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right at its sole discretion to modify, deny, or adopt the proposed decision and recommendation of the Hearing Board.

G. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may, after the debarment has been in effect for at least five (5) years,

submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of County.

H. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board

I. These terms shall also apply to any subcontractors of County Contractors.

43. SOLICITATION OF BIDS OR PROPOSALS: Contractor acknowledges that County, prior to expiration or earlier termination of this Agreement, may exercise its right to invite bids or request proposals for the continued provision of the services delivered or contemplated under this Agreement. County and/its DHS shall make the determination to solicit bids or request proposals in accordance with applicable County and DHS policies.

Contractor acknowledges that County may enter into a contract for the future provision of services, based upon the bids or proposals received, with a provider or providers other than Contractor. Further, Contractor acknowledges that it obtains no greater right to be selected through any future invitation for bids, or request for proposals, by virtue of its present status as Contractor.

44. GOVERNING LAW, JURISDICTION, AND VENUE: This Agreement shall be governed by, and construed in accordance with, the laws of the State of California. Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Agreement and further agrees and consents that the venue of any action (other than an appeal or an enforcement of a judgment) brought by Contractor, on Contractor's behalf, or on the behalf of any subcontractor, which arises from this Agreement or is concerning or connected with services performed pursuant to this Agreement, shall be exclusively in the courts of the State of California located in Los Angeles County, California.

45. WAIVER: No waiver of any breach of any provision of this Agreement by County shall constitute a waiver of any other breach of such provision. Failure of County to enforce at any time, or from time-to-time, any provision of this Agreement shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and additional to any other remedies in law or equity.

46. SEVERABILITY: If any provision of this Agreement or the application thereof to any person or circumstance is held invalid, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby.

47. COVENANT AGAINST CONTINGENT FEES:

A. Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by Contractor for the purpose of securing business.

B. For breach or violation of this warranty, County shall have the right to terminate this Agreement and, in its sole discretion, to deduct from the payment or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.

EXHIBIT A  
STATEMENT OF WORK  
FOR  
FINAL THIRD PARTY SAFETY NET RECOVERY SERVICES

EXHIBIT A

STATEMENT OF WORK

FINAL THIRD PARTY SAFETY NET RECOVERY SERVICES

1. Definitions: The terms used throughout this Agreement and in this Exhibit A, unless otherwise stated shall mean the following:

A. Facility(ies): A Facility is a County of Los Angeles - Department of Health Services facility that provides health care services.

B. Referred Account: A Referred Account is an account that has been forwarded to Contractor by a Facility, in accordance with the provisions of this Agreement and as further identified in Paragraph 6 - SERVICES TO BE PERFORMED BY CONTRACTOR, hereinbelow, for Contractor's assessment and acceptance or rejection.

C. Accepted Account: An Accepted Account is a referred Account that has been referred to and accepted by Contractor for processing in accordance with the provisions of this Agreement.

D. Confidential Information: All information, tangible or intangible, in whatever form or medium, directly or indirectly, whether orally or in documents, through and by observation or otherwise, including any developed or

learned information by a contractor during the course of their employment and/or term of this Agreement.

E. Trade Secrets: Information, including formulas, compilations, programs, devices, methods, techniques, strategies, know how, or processes that (1) derives independent economic value, whether actual, potential, or both, from information not generally known to the public or to other persons who can obtain economic value from its disclosure or use; and (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. CONTRACTOR PERSONNEL:

A. Contractor shall designate a Contract Manager to lead and coordinate Contractor's provision of Third Party Recovery Services pursuant to this Agreement.

B. Contractor shall work independently on designated assignments in accordance with this Statement of Work.

C. Notwithstanding any representation by County regarding the participation of County personnel in any phase of this project, Contractor assumes sole responsibility for the timely accomplishment of all activities assigned in this Agreement.

3. COUNTY PERSONNEL AND RECORDS:

A. County does not anticipate assigning any County employees to assist Contractor on a full-time basis regarding services to be provided by Contractor pursuant to this Agreement. However, County personnel will be made available to Contractor, at the Director's discretion, to provide input and assistance in order to answer questions and provide necessary liaison between Contractor and County Departments.

B. The various operational/administrative records and statistics of County's health operations as defined in Paragraph 7 - ACCESS TO INFORMATION below shall be available to Contractor for review and evaluation whenever deemed appropriate and feasible by County, and as may be allowed by applicable law.

4. COUNTY FURNISHED PROPERTY AND SERVICES: Contractor(s) shall furnish all labor, materials, supplies, personnel, equipment, and administrative support necessary for the provision of all Third Party Recovery Services to be provided under this Agreement.

At the County's sole discretion, the County may assign space, chairs, and desks, on a non-exclusive basis, for work area and related use by the Contractor. In the event the County assigns space to the Contractor, Contractor shall use the space

only for the purpose of the performance of services hereunder. The Contractor is prohibited from use of such space, desks, and chairs for purposes other than for the performance of this Agreement.

At the County's sole discretion, the County may provide access to telephones, fax machines, typewriters, and photocopying equipment, on a non-exclusive basis, for the purpose of Contractor's performance of this Agreement. The Contractor is prohibited from use of such equipment for purposes other than for the performance of this Agreement.

5. SCOPE OF WORK: Contractor shall provide Third Party Recovery Services to Facilities as determined by Director and, at Director's discretion with concurrence of Contractor, to any additional new Facilities. Contractor shall provide Third Party Recovery Services for patient accounts referred to Contractor by County after the County's own efforts and the efforts of its secondary and tertiary third party recovery contractors have been exhausted ("last-in-line recovery services"). Third Party Recovery Services includes, but is not limited to, advocacy and eligibility verification services, identification of third party resources, and revenue recovery services for Medi-Cal and Medicare, Health Care Plans (e.g., Medi-Cal and Medicare HMO), Commercial Insurance, and other government programs. Notwithstanding the above, Director reserves the right to

restrict specific accounts or account types from referral to Contractor or to be excluded from Third Party Recovery Services. Director will, at his sole discretion, provide Contractor all pertinent data related to Referred Accounts.

Director will provide Contractor with available Accounts Receivable ("A/R") data related to self-pay and non-self-pay patient accounts which have been determined by Facilities to have partially or fully unpaid balances which may be eligible for Third Party Recovery Services.

6. SERVICES TO BE PERFORMED BY CONTRACTOR: The following indicates the areas of individual tasks and general services that may be assigned to Contractor, subsidiaries, or subcontractors, as applicable. Throughout the term of this Agreement, the County may not require all services identified in this Agreement, or refer all account/payor types mentioned in this Agreement. It is at the Director's discretion that services and referral of certain account/payor types may be added, deleted or returned as needed, throughout the term of this Agreement.

A. Advocacy Services: Contractor shall obtain written consent from Director, on an account-by-account basis, prior to performing any advocacy service.

Contractor shall assist Facility patients (i.e., DHS patients) in completing the Third Party eligibility application processes, in appealing eligibility application

denials, eligibility denials and otherwise identifying any source of payment for services provided.

1. Contractor shall complete an Authorized Representative and Release of Information Form for those DHS patients:

(a) for whom a third party eligibility application is obtained; or

(b) whose cases are pursued through the Medi-Cal Fair Hearing process, or Supplemental Social Security Income application process.

Contractor shall also provide written explanation for not pursuing the Fair Hearing process for referred Medi-Cal denials and a report noting reason for not initiating an application for Self-Pay referrals which have linkage to the Medi-Cal program.

2. Contractor shall request the necessary information/documentation needed to pursue eligibility determination directly from DHS Utilization Review, Medical Records, Patient Financial Services, etc. At the request of Director/applicable Facilities, Contractor shall provide personnel to assist in retrieving/photocopying documents.

3. Contractor shall complete timely billings with approved Billing Attachment(s) within applicable

billing time limits (e.g. Medi-Cal billing time limit found in the California Code of Regulations, etc.) for Accepted Account(s) for which eligibility is established. If an Accepted Account requires more than one (1) year to complete the application, County shall provide Letter(s) of Authorization ("LOA") to Contractor when County deems LOA is applicable and appropriate at County's sole discretion.

a. Contractor shall process billings retroactively within applicable regulations and time limitations.

b. Contractor shall monitor and follow up on all billings prepared by Contractor until final resolution is obtained including the resubmission and/or appeal of denied claims. For denied claims, Contractor shall determine the cause of the denial, correct deficiency, and resubmit claims for payment or submit appeals unless and until the claim is determined to be uncollectible. Contractor shall document the reasons the account is uncollectible and report to the referring Facility.

4. At Facility's request, Contractor shall update the Facility's system(s) with the most current

demographic and financial information for each account processed (e.g. Eligibility numbers, Group Numbers, Financial Class, Carrier code, Billed Date, patient address, etc.).

B. Eligibility Verification Services: Contractor shall develop and maintain a database(s) and have experienced eligibility evaluators for the purpose of Eligibility Verification, Advocacy, and Tracking Support ("EVATS") services, including an eligibility tracking function, to supplement the efforts of the County to help ensure that those persons receiving County health services also receive all the financial support from Federal/State medical assistance programs to which they are entitled. EVATS services shall include, but not be limited to the following activities:

1. Extraction of identification information from medical service episodes, past and present, to compile multiple variations of identifying information for use in linking the patient to existing or pending eligibility for medical assistance. A combination of automated and manual techniques will be used to link information about an individual across time and providers to develop a continuous medical services/patient-identification data history.

2. Extraction of individual identification information from the available source of federally administered medical assistance programs to create a similar history of identification.

3. Extraction of individual identification information from the available sources of State/County administered medical assistance programs to create yet another history of identification.

4. Utilization of both automated and manual techniques in an effort to link every recipient of a medical service to every possible eligibility source. Those persons who cannot be linked to any eligibility files shall be immediately diverted into the file of potential candidates for application assistance advocacy services to secure retroactive eligibility or a service/eligibility linkage based upon new identification information in either service files or eligibility files.

5. Identification, including flagging for review, of services reimbursable by a Federal or State medical assistance program (i.e., not denied by facility Utilization Review, etc.), but not paid by or billed to the program.

6. Detailed manual review, by an experienced

eligibility evaluator, of all service and eligibility information for each person with a flagged service. Medical services covered by previously undetected eligibility will be transferred to the Contractor-operated billing function to determine whether billing is appropriate and to bill such services when appropriate. Those persons with a pending application covering medical services already provided will be placed into Contractor's eligibility tracking system. Persons with eligibility anomalies (i.e. erroneous Medi-Cal coverage effective dates, inconsistencies between eligibility sources, etc.) will be referred to facility Patient Financial Services ("PFS") staff for eligibility status resolution.

7. Detailed manual review, by an experienced eligibility evaluator, of service and eligibility information when eligibility changes occur in any of the eligibility sources for persons in the eligibility tracking system. This process will result in referrals to the Contractor-operated billing function based upon established protocols, to a pre-bill list for facility approval, to Contractor's quality control for persons dropped from further consideration, to facility PFS for anomaly resolution, Medi-Cal LOA preparation and

eligibility updating, and to the appeals advocacy function. LOA is required when eligibility is determined after the statutory time limit, due to conditions including, but not limited to, retroactive eligibility, administrative error, etc., and must accompany billing documents to the Medi-Cal fiscal intermediary's over one-year unit. Persons not so referred or dropped from further consideration will be retained in the eligibility tracking database.

8. Targeted sampling will be employed for quality control review of decisions to drop services from further consideration for reimbursement. Contractor shall provide County with recommendations to rectify errors and omissions by Facilities and other contractors in order to minimize their recurrence and to ensure EVATS methods and procedures remain optimal in keeping with the "failsafe" role of the Contractor.

C. Medi-Cal and Medicare: Contractor shall provide recovery of Medi-Cal and Medicare reimbursement for eligible patients according to Federal and State regulations and requirements.

1. Contractor shall review information made accessible by County as described in this Exhibit A, Paragraph 7 - ACCESS TO INFORMATION, including, but not

limited to, eligibility files, patient account financial files (electronic and/or manual/paper) and available documentation previously prepared by County, including County patient medical records (for purposes of determining and verifying dates of patient services and other diagnosis, and/or information required for billing).

2. Contractor shall search the uncompensated care account files, and Medi-Cal and Medicare Remittance files provided by County to identify, to the extent reasonably possible, all services eligible for Medi-Cal or Medicare reimbursement.

3. Contractor shall make reasonable effort to identify potential recoveries via a manual/visual review and comparison of uncompensated account files to program eligibility files. Contractor shall provide a list of patients and services (in a form specified by the County) for matched records to the Director for review and approval. Contractor shall only pursue those accounts approved by the Director.

4. Contractor shall provide automated account tracking capability for monitoring all Referred Accounts that may be Medi-Cal and Medicare reimbursable. Contractor shall identify those accounts

referred by County which may be claimable, perform follow-up actions to ensure claims are valid, post remittance information, follow-up on denied claims, and provide a final disposition for all accounts.

5. Contractor shall monitor each Referred Account identified as potentially eligible, and identify and exclude those accounts for which services are not Medi-Cal reimbursable, such as Jail Ward, etc. Contractor shall provide written documentation on the status and disposition of each potentially reimbursable account. Contractor shall maintain and provide summary listings of accounts and other documentation in Contractor's possession.

6. Contractor shall, within Federal and State regulations and requirements, and upon County Facility approval, complete and submit valid Medi-Cal and Medicare claims with all required supporting documentation for electronic and/or manual submission to the fiscal intermediary as defined in Paragraph 5 of this Exhibit A.

7. Contractor shall prepare and submit or resubmit claim forms including all required documentation and/or corrections to the third-party payers or their designated fiscal intermediary for

payment (e.g., approved Treatment Authorization Request ["TAR"] and LOA, etc.). Contractor shall use reasonable care to submit all claims, for accounts referred by Facilities, to the State and federal fiscal intermediaries within the applicable Federal and State billing time requirements.

8. Contractor shall, for accounts over 1 year from date of service, make every reasonable effort to prepare and submit claims within thirty (30) days from the date an LOA is signed by County, and for inpatient claims, within thirty (30) calendar days from the date a retroactive TAR is approved by the State Medi-Cal Field Office ("MFO"), as applicable, and including any and all subsequent required documentation and/or corrections.

9. Contractor shall take appropriate steps including, but not limited to, matching potentially reimbursable accounts against existing, outstanding, and dispositioned TARs, excluding those accounts for which the County or its contracted vendors are pursuing or have already pursued a TAR. Contractor shall submit to Director a pre-billing list of accounts for which Contractor has identified eligibility and is seeking approval to bill.

10. Contractor shall, for those accounts authorized by the Director from the pre-bill list, obtain necessary approvals, producing original LOAs signed by designated PFS Directors, or their designee, related to each date of service, submit necessary records for TARs, and prepare Medi-Cal claims for reimbursable services provided by County for covered dates of service. County and Contractor shall mutually agree to time frames and procedures by which Contractor shall obtain County's authorization for billing accounts identified by Contractor as having program eligibility.

11. Contractor may, with prior written consent from the Director, submit to the Centers for Medicare & Medicaid Services ("CMS"), via electronic tape/disk format, lists of accounts with patients' identification information to be matched with the Medicare Enrollment Database to verify potential Medicare coverage and effective dates. These electronic tapes/disks must be submitted in a HIPAA compliant fashion (e.g. encrypted, etc.).

12. Contractor shall make every reasonable effort to obtain and maintain any and all patient-specific files of all necessary documents (such as approved

TARs, or patient discharge summaries, LOA, SSI eligibility file printouts) from source organizations (i.e. Utilization Review, Medical Records, Patient Financial Services, etc.), and/or make any necessary corrections to develop and process a valid payment claim.

13. Contractor shall be responsible for obtaining all required documentation to prepare and submit claims and correct and resubmit denied claims to the fiscal intermediary. Contractor shall provide comprehensive follow-up on denied claims and determine the cause of the denial, correct the deficiency, and resubmit the claim for payment unless, and until Contractor deems the account to be uncollectible.

14. Contractor shall perform and adhere to claiming protocols specified by Director regarding processing of eligibility files, Medi-Cal claims, supporting documentation, etc. Contractor shall, for any claims prepared and/or submitted, retain and provide appropriate explanation, documentation, and correspondence relative to accounts and/or claims that are selected for audit. Upon request, Contractor shall provide the same during audit conferences.

15. Contractor shall monitor each claim prepared

and/or submitted, and provide written documentation on the status and disposition of each account referred to it by County. Contractor shall return all documentation for those selected accounts which Contractor deems to be uncollectible and an explanation of the reason(s) for its determination of non-recoverability. Contractor shall return all documentation related to those accounts which Contractor has identified as non-recoverable from third party payers (Medi-Cal, Medicare, etc.).

16. At Facility's request, Contractor shall update the Facility's system(s) with the most current demographic and financial information for each account processed (e.g. Eligibility numbers, Group Numbers, Financial Class, Carrier code, Billed Date, patient address, etc.).

17. Contractor shall post, or assist in posting of, payments and adjustments (preferably electronically) to all applicable Facility's AR systems.

18. Contractor shall provide to each County Facility, on a monthly basis, notice (via hard copy listing and/or diskette) of cumulative accounts billed, denied, and paid. Notice of payments shall include

information sufficient to identify and post payments to the accounts. Contractor shall provide copies of all claims and supporting documentation and correspondence which have been paid and/or denied by the fiscal intermediary.

19. Contractor shall provide to each County Facility, by the 15th working day of each month, except as otherwise instructed by the Director, an electronic file of all accounts billed the previous month. This file shall be in the format as determined by the County to allow for electronic posting of billed accounts.

20. Contractor shall obtain approval from Director prior to communicating with Medi-Cal or Medicare officials on any issue impacting collection efforts.

D. Health Care Plan Billing Services ("HCPBS"): At Director's request and upon Contractor's concurrence, Contractor shall provide HCPBS, including related consulting services, to process inpatient and outpatient accounts for DHS Facilities as mutually agreed to by County and Contractor, to assist County in improving collections from Health Care Plans (i.e. Medi-Cal and Medicare HMO, HCP, Medi-Cal Linked, etc.). HCPBS can either be: (1) based on County and Contractor mutually agreeing to established

protocols for billing accounts identified as having healthcare coverage or (2) by referral of accounts by Director to Contractor.

1. Contractor shall provide comprehensive health care plan billing and follow-up services for eligible patients for Referred Accounts, including denial reprocessing, using automated systems where available and appropriate or as requested by Director.

2. Contractor shall readily accept County's patient financial, admission, eligibility, and other data in various formats as determined by Director.

3. Contractor shall develop valid third-party claims in accordance with applicable healthcare plan or County contracted healthcare plan agreements billing requirements that are payable by the applicable health care plan in electronic format where available and appropriate.

4. Contractor shall request the necessary information/documentation (i.e., patient discharge summaries, etc.) needed to develop valid reimbursement claims directly from the appropriate division at the Facilities (i.e., Utilization Review, Medical Records, Patient Financial Services, etc.).

5. Contractor shall, in a timely manner, submit complete claims to the appropriate health care plan.

6. Contractor shall provide follow-up services for denied claims and pursue payments until the account is paid or determined to be uncollectible. Contractor shall document the reasons the account is uncollectible and report to the Facilities.

7. Contractor shall provide, develop, and maintain an electronic database to accumulate patient financial data, charge information, billing statistics, payment information, and other data as necessary, or as requested by Director, for HCPBS reporting purposes. Contractor shall allow County's staff designated by Director to access the Contractor's electronic database for inquiries and other reporting purposes as otherwise required by Director.

8. Contractor shall post, or assist in posting of, payments and adjustments (preferably electronically) to all applicable Facility's AR systems.

9. At Facility's request, Contractor shall update the Facility's system(s) with the most current demographic and financial information for each account processed (e.g. Eligibility numbers, Group Numbers, Financial Class, Carrier code, Billed Date, patient address, etc.).

10. Contractor shall return accounts that are unbilled within one hundred fifty (150) calendar days after Contractor initially received the account from County, except as otherwise instructed by the Director. Contractor shall return all supporting documentation, including but not limited to, billing instruction, medical records, correspondence and explanation of benefits, etc., to Facilities upon return of the accounts.

11. Contractor shall, for services provided to members of contracted health plans, return to facility all billed and unpaid accounts within two hundred ten (210) calendar days after billing. For services provided to members of non-contracted health plans, Contractor shall provide to facility a copy of the claim and other necessary documents as agreed upon by the facility and Contractor, within five (5) calendar days, except as otherwise instructed by the Director, but shall continue follow-up activities up to one hundred twenty (120) calendar days after billing.

12. Contractor shall provide to each County Facility, by the 15<sup>th</sup> working day of each month, except as otherwise determined by Director, an electronic file of all accounts billed the previous month. This file

shall be in the appropriate format to allow for electronic posting of billed accounts.

E. Commercial Insurance Billing Services ("CIBS"): At Director's request and upon Contractor's concurrence, Contractor shall provide CIBS to process inpatient and outpatient accounts for DHS Facilities as mutually agreed to by County and Contractor, to assist County in improving DHS Commercial Insurance collections. CIBS can either be: (1) based on County and Contractor mutually agreeing to established protocols for billing accounts identified as having insurance coverage or (2) by referral of accounts by Director to Contractor.

1. Contractor shall provide comprehensive commercial insurance billing and follow-up services for referred outpatient accounts, including denial reprocessing, using automated systems where available and appropriate or as requested by Director.

2. Contractor shall readily accept County's patient financial, admission, eligibility, and other data in various formats as determined by Director.

3. Contractor shall develop valid commercial insurance claims according to applicable commercial insurance billing requirements that are payable by the applicable commercial insurance carrier in electronic

format where available and appropriate.

4. Contractor shall request the necessary information/documentation (i.e., patient discharge summaries, etc.) needed to develop valid reimbursement claims directly from the appropriate division at the Facilities (i.e., Utilization Review, Medical Records, Patient Financial Services, etc.).

5. Contractor shall, in a timely manner, submit complete claims to the appropriate commercial insurer.

6. Contractor shall provide follow-up services for denied claims and pursue payments from insurance carrier until the account is paid or determined to be uncollectible. Contractor shall document the reasons the account is uncollectible and report to the Facilities.

7. Contractor shall provide, develop, and maintain an electronic database to accumulate patient financial data, charge information, billing statistics, payment information, and other data as necessary, or as requested by Director, for CIBS reporting purposes. Contractor shall allow County's staff designated by Director to access the Contractor's electronic database for inquiries and other reporting purposes as otherwise required by Director.

8. Contractor shall post, or assist in posting

of, payments and adjustments (preferably electronically) to all applicable Facility's AR systems.

9. At Facility's request, Contractor shall update the Facility's system(s) with the most current demographic and financial information for each account processed (e.g. Eligibility numbers, Group Numbers, Financial Class, Carrier code, Billed Date, patient address, etc.).

10. Contractor shall return accounts that are unbilled within one hundred fifty (150) calendar days after Contractor initially received the account from County, except as otherwise instructed by the Director. Contractor shall return all supporting documentation, including but not limited to, billing instruction, medical records, correspondence and explanation of benefits, etc., to Facilities upon return of the accounts.

11. Contractor shall return commercial insurance accounts to the County that have been billed, but are unadjudicated two hundred seventy (270) calendar days after the last billing, except as otherwise instructed by the Facility. Contractor shall return all supporting documentation, including but not limited to,

billing instruction, medical records, correspondence and explanation of benefits, etc., to Facility upon return of the accounts.

12. Contractor shall provide to each County Facility, by the 15<sup>th</sup> working day of each month, except as otherwise determined by Director, an electronic file of all accounts billed the previous month. This file shall be in the appropriate format to allow for electronic posting of billed accounts.

F. Other Governmental Payers: At Director's request and upon Contractor's concurrence, Contractor shall provide billing and recovery services for other government payers (i.e. Genetically Handicapped Person's Program ("GHPP"), Child Health and Disability Prevention ("CHDP"), Family Planning, Access, Care, and Treatment Program ("FPACT"), Children's Medical Services Program ("CMSP"), Cancer Detection Program, etc.), to process inpatient and outpatient accounts for DHS Facilities as mutually agreed to by County and Contractor, to assist County in improving DHS third party collections. The services can either be: (1) based on County and Contractor mutually agreeing to established protocols for billing accounts identified as having healthcare coverage or (2) by referral of accounts by Director to Contractor.

1. Contractor shall provide comprehensive third party billing and follow-up services for Referred Accounts, including denial reprocessing, using automated systems where available and appropriate or as requested by Director.

2. Contractor shall readily accept County's patient financial, admission, eligibility, and other data in various formats as determined by Director.

3. Contractor shall develop and submit completed claims that are payable by the applicable third party payer in electronic format where available and appropriate.

4. Contractor shall request the necessary information/documentation (i.e., patient discharge summaries, etc.) needed to develop valid reimbursement claims directly from the appropriate division at the Facilities (i.e., Utilization Review, Medical Records, Patient Financial Services, etc.).

5. Contractor shall, in a timely manner, submit complete claims to the appropriate third party payer or fiscal intermediary.

6. Contractor shall provide follow-up services for denied claims and pursue third party payments until the account is paid or determined to be uncollectible. Contractor shall document the reasons the account is

uncollectible and report to the Facilities.

7. Contractor shall provide, develop, and maintain a electronic database to accumulate patient financial data, charge information, billing statistics, payment information, and other data as necessary, or as requested by Director. Contractor shall allow County's staff designated by Director to access the Contractor's electronic database for inquiries and other reporting purposes as otherwise required by Director.

8. Contractor shall post, or assist in posting of, payments and adjustments (preferably electronically) to all applicable Facility's AR systems.

9. At Facility's request, Contractor shall update the Facility's system(s) with the most current demographic and financial information for each account processed (e.g. Eligibility numbers, Group Numbers, Financial Class, Carrier code, Billed Date, patient address, etc.).

10. Contractor shall return accounts that are unbilled within one hundred fifty (150) calendar days after Contractor initially received the account from County, except as otherwise instructed by the Director. Contractor shall return all supporting documentation,

including but not limited to, billing instruction, medical records, correspondence and explanation of benefits, etc., to Facilities upon return of the accounts.

11. Contractor shall return other governmental payer accounts to the County that have been billed, but are unadjudicated two hundred seventy (270) calendar days after the last billing, except as otherwise instructed by the Facility. Contractor shall return all supporting documentation, including but not limited to, billing instruction, medical records, correspondence and explanation of benefits, etc., to Facility upon return of the accounts.

G. Contractor shall wait at least ninety (90) calendar days, or a timeframe mutually agreed to by County and Contractor, from the date inpatient and outpatient self-pay accounts are referred to County's outside collection agency ("OCA") to notify County and the OCA in a manner acceptable to both County and OCA of third-party coverage identification.

H. Contractor shall process all accounts as permissible, as far retroactive as reasonably possible and approved by Director, under applicable Federal and State regulations and requirements. Facilities will provide

Contractor a single copy of each case/account, in paper or electronic file format, concurrent with other County contractors. Contractor, as a Third Party Recovery Services vendor and recognizing that multiple contractors may be working the same accounts simultaneously, agrees and accepts that accounts are subject to elimination as pursuable by Contractor due to the County's and other contractors' efforts, as determined by the County.

I. Contractor shall maintain a comprehensive audit trail substantiating all third-party billings, supporting rationale, and documented criteria for pursuing reimbursement for any and all applicable accounts. Contractor shall, as requested by Director, provide audit and appeal support to County, including responding to auditor requests for documentation and information and interfacing with the auditors during document review. Contractor shall make available all audit supporting documentation in format and frequency requested by the Director.

J. Contractor shall pursue full reimbursement for all accounts referred. Contractor shall submit in writing any proposed settlement/account compromise, with amount and reason for compromise, to County for approval prior to acceptance, in accordance with DHS' procedures. Contractor

shall negotiate with the third party to ensure that the portion of the settlement between the patient and the third party which is allocated to the County is fair and equitable. Contractor shall submit all compromise offers to County only when it has determined that the offered amount is the best offer that can be negotiated. For this purpose, Contractor shall provide County all information/documentation within the time frame specified by Director. If County personnel are required to attend hearings and/or settlement conferences, Contractor shall notify Director at a minimum of fifteen (15) business days in advance of the hearing/conference date.

K. Contractor shall return all documentation for those accounts which the Contractor determines uncollectible. For those accounts, Contractor shall include an explanation of the reasons for non-pursuit or discontinuance of pursuit. Contractor shall submit tapes, data files, and/or other reports produced as a by-product to other County contractors as directed by Director.

L. Contractor shall monitor changes in applicable Federal and State regulations and requirements and will modify its procedures as required to accommodate the changes in regulations(s) that impact the services defined in Paragraph 6 of this Exhibit A. Contractor shall make such

changes in its procedures at no additional cost to the County.

M. Contractor shall provide, at no additional cost to the County, reasonable customized reports, as deemed necessary by the Director, which categorize and summarize and/or provide detailed listings of the results of services provided to County.

N. Contractor shall not be entitled to reimbursement from the County for any system enhancements and upgrades developed by Contractor. Its payments, if any, shall be restricted to those described in Paragraph 8 - PROVISION FOR PAYMENT of this Exhibit.

O. If County, or another County contractor, or any contract collection or resource recovery agency routinely utilized by County identifies third-party resources for specific account(s) which would otherwise have been billed by Contractor prior to Contractor's re-billing such account, Contractor agrees to delete such account(s) from the billings generated by Contractor. Contractor shall receive no County payment for such account.

P. Contractor shall develop an automated A/R tracking system and provide to each County Facility monthly management reports for tracking receivables on claims submitted by this process, including, but not limited to:

1. Summary listings of referred accounts and related documentation.

2. A management letter outlining any additional estimated benefits projected to be gained by County, operational problems identified/encountered, and recommendation to maximize revenue recovery.

3. Cumulative and ongoing listings/electronic files for all accounts and claims identified as eligible for third-party reimbursement, claims prepared and billed to fiscal intermediary.

4. Status and disposition of all accounts for which claims were prepared (payments, denials w/reason code, etc.)

5. Monthly and cumulative reports on charges billed, revenues collected, and fees charged by Contractor, sorted by Facility and a Departmental summary.

Q. Contractor shall request approval from Director for all non-proprietary software used to perform contracted services, and such software should be appropriately licensed.

R. Contractor shall provide detailed written documentation of the systems, methods, and procedures employed by Contractor in providing Third Party Recovery

Services; such documentation exclusive of software shall be provided upon expiration of the term or earlier cancellation of this Agreement, should Director so notify Contractor. Contractor shall not be required to provide or disclose Trade Secrets or proprietary information.

S. Contractor shall provide ongoing consulting services pertaining to Third Party Recovery Services including quarterly assessment of contracted services' effectiveness, analysis of new laws and regulations that may affect services under this Agreement, provide recommendations on ways to improve contracted services, and written recommendations of any other revenue enhancing or cost savings opportunities. If Contractor desires to provide specific services to enhance revenue or cost savings opportunities, Contractor shall submit to the Director for consideration a written proposal detailing the specific methodology, scope (identify implementation time frame, facility service(s) that will be provided, date of service the proposed process would start, etc.), and fee structure for the proposed service(s), including background information regarding the service(s) and how contracted services revenue would be enhanced or savings achieved. Contractor shall outline the specific steps, procedures, and processes of the proposed service(s). In the event Director

accepts Contractor's proposal, such services shall be obtained in accordance with Exhibit A, Paragraph 10, Special Accounts.

7. ACCESS TO INFORMATION: In order for Contractor to perform the services described in this Exhibit A, County shall cooperate with Contractor by affording access to such financial, medical, and other operating data as may be available at the appropriate Facility or Health Services Administration to perform Third Party Recovery Services, and as Contractor may reasonably request and as may be allowed by Director and applicable law, including among other things the following:

A. Current demographic, admission, and registration data from the respective Facility admission and registration system (i.e., McKesson, Affinity, etc.) files, as available in magnetic tape form on a monthly or more frequent basis;

B. Medicare and Medi-Cal Remittance Files on a monthly basis as available. Contractor shall reimburse County for County's cost to reproduce these files for Contractor's use;

C. Eligibility and enrollment history files on a monthly basis as available. Contractor shall reimburse County for its cost to reproduce these files for Contractor's use;

D. File layouts for each of the computer files specified in Subparagraphs A through C, above, and

Subparagraph J below;

E. Inpatient and outpatient self-pay and non-self-pay billing documents, as available from the appropriate Facility;

F. Access to County systems for inquiry purposes;

G. Billing forms for Medi-Cal, Medicare, and all other third-party payers as appropriate;

H. County patient medical records, (electronic or hard copy) for purposes of determining and verifying dates of patient service and other diagnosis information required for successful completion of services referred to in this Exhibit A;

I. County patient accounting and AR information in magnetic tape form on a weekly or monthly basis as available, along with associated file layouts;

J. At the Director's discretion, with concurrence of Contractor, any additional files, documents, system access, or information deemed appropriate to facilitate performance of the services described in this Exhibit A.

8. PROVISION FOR PAYMENT: Subject to the body of this Agreement, County shall compensate Contractor hereunder as set forth in this Paragraph. The term "Incremental Revenue Recovered" as used in this Paragraph, shall include cash, credits, and transfers as a direct result of Contractor's Third

Party Recovery Services under this Agreement. The term "Incremental Revenue Recovered", as used in this Paragraph, shall not include any Medicare or Medi-Cal cost report settlements, nor shall it include any block grant monies, including, but not limited to, SB 855, Medi-Cal Hospital Financing Waiver (Medi-Cal Redesign). Also, subject to the provisions of the body of this Agreement:

A. The fee payable to Contractor with respect to payments received by County as a consequence of Paragraph 6 - SERVICES TO BE PERFORMED BY CONTRACTOR, for Third Party Recovery Services shall be as follows:

Fee Computation for Advocacy Accounts

The fee payable to Contractor shall be on a paid claim basis and shall be negotiated by the Director and the Contractor but shall not exceed twenty-five percent (25%) of incremental revenue recovered. In addition, fee payable to Contractor shall not be greater than Twelve Thousand, Five Hundred Dollars (\$12,500) per paid inpatient account, and Two Hundred and Fifty Dollars (\$250) per paid outpatient account.

Advocacy entails performing activities that directly result in patient's future program coverage as described in Exhibit A, Paragraph 6 - SERVICES TO BE PERFORMED BY CONTRACTOR. Contractor shall obtain prior written consent

from Director, on an account-by-account basis, prior to performing any advocacy service.

Fee Computation for Medi-Cal and Medicare

The fee payable to Contractor shall be on a paid claim basis and shall be negotiated by the Director and the Contractor but shall not exceed twenty-five percent (25%) of incremental revenue recovered. In addition, fee payable to Contractor shall not be greater than Twelve Thousand, Five Hundred Dollars (\$12,500) per paid inpatient account, and Two Hundred and Fifty Dollars (\$250) per paid outpatient account.

Fee Computation for CIBS

The fee payable to Contractor shall be on a paid claim basis and shall be negotiated by the Director and the Contractor but shall not exceed twenty-five percent (25%) of incremental revenue recovered. In addition, fee payable to Contractor shall not be greater than Fifty Thousand Dollars (\$50,000) per paid inpatient account, and Two Hundred and Fifty Dollars (\$250) per paid outpatient account.

Fee Computation for Other Governmental Payers

The fee payable to Contractor shall be on a paid claim basis and shall be negotiated by the Director and the Contractor but shall not exceed twenty-five percent (25%) of incremental revenue recovered. In addition, fee payable to

Contractor shall not be greater than Twelve Thousand, Five Hundred Dollars (\$12,500) per paid inpatient account, and Two Hundred and Fifty Dollars (\$250) per paid outpatient account.

B. All amounts payable to Contractor pursuant to Exhibit A - PROVISION FOR PAYMENT, shall be paid by County to Contractor within a reasonable period of time following receipt of a complete and correct billing approved by Director for payment. Contractor shall bill each Facility monthly in arrears by invoice which shall include account-by-account detail of the computation of fees due to Contractor. Contractor shall bill each County Facility with a separate invoice for its portion of the billing separated by type of service and payer.

C. Contractor hereby agrees that any fee paid by County to Contractor for services directly leading to payment to County by a third-party payer, but later disallowed in audit or otherwise recouped by the payer or its intermediary (except for Medi-Cal and Medicare cost report settlements), shall be repaid/offset to County. All repayments/offsets of fees to be made by Contractor shall be due and payable by Contractor upon Contractor's notification by County of the specific nature and amount of the audit disallowance(s) and/or recoupment(s) and affirming County's

intention to deduct such amount from Contractor's future invoice for the same type of service.

D. Contractor also agrees to maintain records sufficient to document all billings submitted and inpatient admissions monitored as part of this Agreement, separating third-party payer billings, which records shall serve as the basis of the computations required pursuant to this Paragraph 8 and which records shall contain the following information:

- (1) Accounts billed/monitored;
- (2) Invoice/control numbers of all billings submitted;
- (3) Dates of billings
- (4) Amounts paid to County, by invoice/control number;
- (5) Dates of payments to County;
- (6) Amounts due to Contractor; and
- (7) Dates of payments to Contractor by County.

County shall cooperate in providing Contractor with access to the information necessary for Contractor to maintain such ledgers and Contractor shall make such ledgers available to Director at his/her request.

E. Payment received by County after the term of this Agreement has expired or otherwise terminated shall be eligible for payment of Contractor's fee, if such payment is received by County prior to the expiration or termination of

the Agreement.

9. ADDITIONAL COVENANTS OF CONTRACTOR: In performing the services described in this Exhibit A, Contractor shall:

A. Use reasonable care to avoid duplicate invoicing;

B. Comply with the Office of Inspector General ("OIG") compliance program guidance for Third-Party Medical Billing Companies;

C. If so requested in advance by County, return all the material provided by County pursuant to this Exhibit A, Paragraph 7 - ACCESS TO INFORMATION, promptly and in the same condition and sequence in which they are received.

D. Respect the Confidential Information with regard to County patient and Hospital financial records. Contractor contractually recognizes the confidentiality of all County patient data and therefore, shall obtain/extract only that information needed to identify coverage and generate required third-party billing information. All such collected information shall remain the property of County;

E. Provide County, upon termination of Agreement, in a format designated by the Director, with the data currently maintained in performance of services under this Agreement in accordance with Paragraph 6 - SERVICES TO BE PERFORMED BY CONTRACTOR.

F. Provide all supplies, equipment, and personnel necessary to provide the contracted services exclusive of personnel and equipment at Facilities that the County may make available to facilitate accessibility of data.

G. Be provided with limited access to County information and documents as necessary to perform services described in this Agreement.

H. Provide to County upon or prior to termination of this Agreement, all other documents and materials related to accounts and claims referred to Contractor or obtained by Contractor from all other sources. With the written consent of Director, Contractor may retain certain specified documents until the related claim(s) are submitted, paid, or denied.

I. All information, documents, and materials, which are generated, obtained, or discovered relative to the accounts and claims referred to Contractor shall become the sole and exclusive property of County upon cancellation or expiration of this Agreement. Contractor will maintain copies of all relevant information as a back-up for audit purposes.

J. Complete Third Party Recovery Services for accounts already in Contractor's possession upon expiration of the Agreement unless as otherwise requested by Director.

10. SPECIAL ACCOUNTS: From time to time, the County may designate accounts for processing based on County and Contractor mutually agreeing to established protocols or by referral of accounts as "Special" Accounts. Contingent fees on these accounts shall be set by the Director with the written approval of the Contractor, but shall be equal to or reduced from the contingent fees on regularly referred accounts. These Special Accounts shall be subject to the terms and conditions set forth in this Exhibit A, with any exception or additional terms set forth in writing by the Director. The written approval of reduced contingent fees by the Contractor for any and all special accounts (e.g., Disproportionate Share Hospital), shall become part of the Agreement.